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## THE IMMIGRANTS DILEMMA AND HOW THE HUMAN RESOURCE MANAGER COPES WITH THE MIGRATED LOT: A COMPARISON OF UK AND PAKISTANI COMPANIES

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**KINGDOM OF SAUDI ARABIA**

### ABSTRACT

*The study highlights the reasons of migration trend from home to the host countries and the HR managers capabilities to manage the vast diversity of people created due to the increasing migration trend. The study was conducted from February, 2009 and a sample of 80 is chosen 40 from Pakistani companies and 40 from UK companies. The results show that the migration is due to social, economic, political and other reasons that the people migrate from one part of the world to the other part and as far as the study is concerned it is observed that 42% of Pakistani people and 52% of UK people believe that the migration is mostly due to the social reasons. And 57% of Pakistani people are agreed that the migration is followed due to the economic reasons that the people migrate to other areas where as 47% of UK people are agreed to the same statement. These graphs show that 82% of Pakistani and 87% of UK people say that the government must of both the host and the home country adopt certain strategies for the circular and permanent immigrants. These graphs shows that almost 90% of Pakistani and 40 % of UK people say that the migration trend is due to other reasons than the economic, social or political reasons that the people are willing to migrate to other areas. The study conducted reveals that due to various reasons of migration discussed throughout the study a vast diversity of people is conducted at the target area and the HR manger has to cope with this diverse lot, train them well, manage them well to avoid the problems that can occur as the result of the migration process.*

### KEYWORDS

Human Resource Manager, Immigrants.

### INTRODUCTION

Human migration is physical movement by humans from one area to another, sometimes over long distances or in large groups. The movement of populations in modern times has continued under the form of both voluntary migration within one's region, country, or beyond, and involuntary migration (which includes the slave trade, Human traffic in human beings and ethnic cleansing). People who migrate are called migrants or more specifically, emigrants, immigrants, or settlers, depending on historical setting, circumstances and perspective.

It is estimated that the total number of migrants doubled from 75 million to 150 million between 1965 and 2000. Today, 120 million of these are thought to be labor migrants. While it is true that at the turn of the century there was more migration, the difference today is that it is affecting more countries, both as origin, transit and destination.

Today, more and more individuals consider the decision to migrate as a viable life choice. Given today's advanced communications and transportation technology, potential migrants find that possibilities for networking, sharing knowledge and identifying opportunities are almost unlimited.

In addition, current socio-economic dynamics tend to stimulate migration, particularly migration for employment reasons. Wage and income disparities across and within geographic regions, global demographic imbalances (reflected in growing populations in developing countries and aging and shrinking populations in developed countries), and labor market disparities resulting partly from these demographic imbalances are three of the primary factors driving contemporary migration.

In contrast to the first generation of Turks who entered Germany in the 1960s on short-term guest worker contracts, second generation Turks came to Germany as children during a family reunion or were born in Germany. They attended German schools and some continued their education at universities (Heckmann, 1992; Reiff, 2006).

Some Turkish people have been living in Germany for 45 years (Kraus-Weysser and Ugurdemir-Brincks, 2002), more significantly 60 per cent have lived in Germany for more than ten years (Commissary for Foreign Affairs, 2002). According to the newest analysis of the Federal Statistical Office (2006), the average time since immigration for Turkish citizens so far is 19.9 years, which illustrates the shift from first wave the short-term life planning to a focus on long-term planning for a future in Germany. The group of Turks with a German passport has a slightly longer average duration of stay (24.5 years) than the Turkish citizens. This is partly due to the nationalization law which demanded a minimum stay of at least 15 years until 1999 and a period of eight years since 2000 (Sauer, 2003). It should be noted that for the second wave, the longer the duration of stay, the greater is the tendency to apply German nationality, in contrast to the former guest workers, who have lived in Germany the longest, but are mostly not interested in nationalization. And this nationalization causes diverse group of people from different areas in search of job, resources, good living standard etc which cause a distinct group of people. And the Germans have to deal with those Turkish people deal with them very keenly. (Sauer, 2003; Kraus-Weysser and Ugurdemir-Brincks, 2002).As human resource area of corporate policy Where global consistency is often difficult to implement (Adler, 1997; Brewster, Hegewish, & Mayne, 1994; Schuler, Dowling, & De Cieri, 1993).

### LITERATURE REVIEW

In addition, current socio-economic dynamics tend to stimulate migration, particularly migration for employment reasons. Wage and income disparities across and within geographic regions, global demographic imbalances (reflected in growing populations in developing countries and aging and shrinking populations in developed countries), and labor market disparities resulting partly from these demographic imbalances are three of the primary factors driving contemporary migration.

#### MANAGING MIGRATION IN A COMPREHENSIVE MANNER

Migration management strategies must take into account the fact that migrants do and are needed to occupy the full range of skill levels, migrate for a variety of purposes and may stay in their host country temporarily or permanently, or in the case of circular migration may repeatedly move between their home and host countries. Moreover, each stage of the migration process (i.e. pre-departure information gathering, recruitment, training, employment, travel, integration and, in some cases, return) requires active policy measures to ensure that it is facilitated and regulated. In view of its complexity and multifaceted nature, migration can only be effectively managed through comprehensive approaches. How can migration management strategies be devised in a way that comprehensively addresses the many facets of migration?

Because migration policies affect and are affected by policies in a number of other spheres— such as labor, human resource development, trade, security, health and environment comprehensive migration management implies policy coherence with related sectors. How best to secure sufficient consultation and coordination among government ministries whose work directly or indirectly involves migration, in order to ensure that their respective policies are complementary rather than potentially contradictory

Many of the firms with diversity management programs in their U.S. domestic operations are multinational corporations (MNCs) extensively involved in international markets and operating subsidiaries or affiliates in multiple nations. As is well known, many MNCs prefer uniform or consistent operating policies and practices worldwide, as part of efforts to exercise centralized control of local operations, promote cooperation among their subsidiaries and affiliates, and

mold corporate cultures reducing local differences Diversity issues also arise for U.S. MNCs within their own firms, particularly when they establish their presence in Europe by mergers or acquisitions involving establishment at were previously European owned. This mode of international expansion has become increasingly important in recent years, often because it s "time to market" is substantially less than when MNCs create their own subsidiary or affiliation

**DEMOGRAPHIC TRENDS**

Legal developments are by no means the only force promoting firms' increased attention to diversity. In the United States, concerns about obtaining, retaining, and utilizing the workforce they need to be competitive have led many employers pro actively to engage in diversity efforts that are more aggressive than, or simply different from, what laws mandate. A second important reason for firms to address diversity management issues in Europe is the dramatic changes in the composition of the EU labor force predicted for the next 30 years.

A director of London's Institute for Public Policy Research, Dhananjayan Sriskandara rajah, notes that each day Great Britain's immigrant population rises by 1,500 persons (mostly from Asia) whereas its departures number about a thousand. He adds that today "there are more Brits abroad than there are foreigners in Britain". About one in ten British passport-holders today live abroad, while the proportion is far less for American, Australian, Canadian, French, German and New Zealand citizens (Srikandarajah, 2006, p. 8). The reason most often proffered for exodus is that the cost of living abroad is less onerous than at home; but, in fact, the search for El Dorado may be a less articulated drive – the one stimulating the native-born to leave. The El Dorado syndrome functions widely, none the less, and it is a powerful magnet for the poverty-stricken, the less poor and even those already comfortably off – whether in affluent or developing countries. (Thunderbird International Business Review. November-December 2003)

**FEAR OF THE IMMIGRANT**

The beginning of the immigration process is burdened increasingly with a downside: amuted discouragement of outsiders to immigrate to one's own land. By way of example, In his acceptance speech for the presidential candidacy of France's conservative UMP party in January 2007, Interior Minister at that time Nicolas Sarkozy mentioned his own immigrant (Hungarian) origins, referring to himself as "a little Frenchman of mixed blood". He stressed, never the less, that no nation belonging to the European Union today should have the unilateral authority to "regularize massively its illegal immigrants" without prior consultation with other member-states of the EU. The newcomer in a given society has always been viewed with mixed curiosity: sometimes with expectations, sometimes with apprehension, occasionally with revulsion. The arrival on the scene of the immigrant has now become, not infrequently, a reaction of outright fear. After the surge of terrorist attacks on commercial aircraft that began in the 1970s, the "foreigner in our midst" often has become the object of more concern than mere curiosity.

Since the attacks of September 11, 2001, an aim of some societies has become one of not simply anticipating the next attack, but preventing something that is rather "different from the threat of full-scale invasion by a great power. More important, what we face now is likely to be a permanent condition, and this means we need new rules". If we fail to "think through the basic structure of rules, rights and protections that we want, every new attack will produce creeping but permanent limits on freedom" (Zakaria, 2007)

Refugee protection is part of the democratic process, but it faces constraints of its own. President Jacques Chirac of France caused something of a furor a few years ago when he declared in a public meeting that the native resident of low-cost public housing (council estates) typically had unwanted competition from his North African neighbor: a husband of two wives and father of eight children – with his entire family on the dole. The employed native, by contrast, rises at six a.m. to leave for work, returning home late only to be greeted by "noise and smells" coming from his unemployed co-resident's overcrowded flat. The tirade drew considerable criticism of Chirac by defenders of immigrants.

**ORGANIZATION'S RELUCTANCE TOWARDS GLOBAL DIVERSITY**

One reason for these firms' reluctance to impose greater global consistency is to avoid identifying diversity management with American management practices. These same European perspectives tend to equate American-initiated diversity management activities with American equal employment opportunity enforcement, which they reject as too litigious, and affirmative action, which they reject as too quota-driven (Addison & Siebert, 1992; Krueger, 2000)

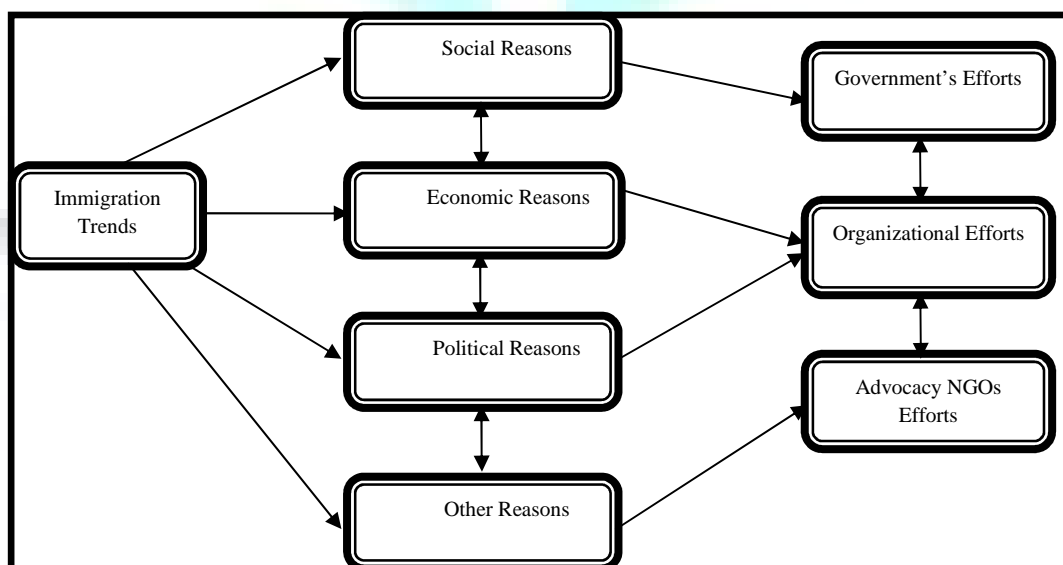
Migrants have varied not only in the duration of their stays, from sojourners to settlers; they have also differed in the roles they played in the societies to which they moved. Moreover, so journeys have differed among themselves in the economic roles they have played. Some have been agricultural laborers, harvesting the crops of other lands, some have been technicians and engineers who have created whole industries in other countries, and one of the most striking roles of so journals has been that of middleman minorities in countries around the world (Sowell, 1996).

**RESEARCH OBJECTIVES**

The following research objectives will explore different aspects of the problem under investigation

- ✧ To check the migration trends in the target Population organizations mainly in the manufacturing sector of UK.
- ✧ To assess reasons behind variations in the migration trends.
- ✧ To highlight the social, political and economic causes in particular.
- ✧ To assess the efforts for minimize the adverse impacts of migrations.

**CONCEPTUAL FRAMEWORK**



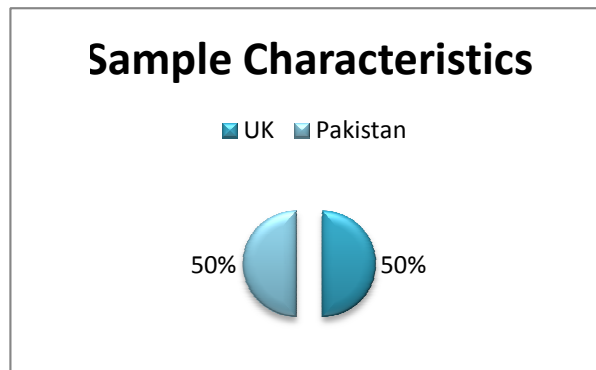
**STATEMENT OF THE PROBLEM**

The research study basically focuses on the migration trends of the people from different areas in search of job, resources, good living standard etc which cause a distinct group of people. To check the impact of the people migrating from different areas in an organization is the main research objective. So an HR Manager who has to deal with all sects of people and train well to manage this diverse group. He must have high emphatic skills and HR capabilities are needed for him.



**METHODOLOGY**

The study basically focuses on the Questionnaire analysis of service companies in UK and Pakistan. A sample of 80 is taken 40 from UK and 40 from Pakistan. The sample study used tells the variability and reliability of the demographical data of the respondents. The procedure used to gather data is the hypotheses and the statistical techniques used to analyze the data.



**DATA GATHERING INSTRUMENTS**

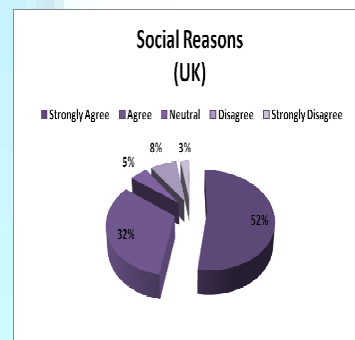
**PRIMARY DATE GATHERING SOURCE**

A Questionnaire analysis Conducted in Service Companies of UK and Pakistan. The demographical Questionnaire so formed that incorporated the following personal information of the respondents, gender, home language, marital status, age, race, job classification, education, qualifications, job grade and tenure.

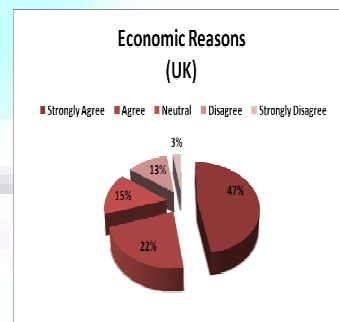
**SECONDARY DATA COLLECTION**

Secondary data is collected through literature review of

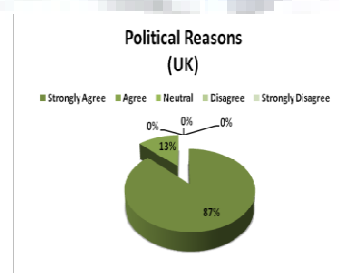
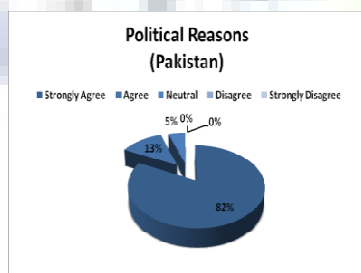
- ⇒ Topics from related books will be searched
- ⇒ Reports will be studied
- ⇒ Training Manuals
- ⇒ Research papers downloaded from the net.
- ⇒ Articles Study



The graphs show that 42% of Pakistani people and 52% of UK people believe that the migration is mostly due to the social reasons. (Uzun, 1993; Reiff, 2006)



These Graphs shows that the 57% of Pakistani people are agreed that the migration is followed due to the economic reasons that the people migrate to other areas where as 47% of UK people are agreed to the same statement. (Sen and Goldberg, 1994).



These graphs show that 82% of Pakistani and 87% of UK people say that the government must of both the host and the home country adopt certain strategies for the circular and permanent immigrants. (Laijos, 1991; Gogolin and Nauck, 2000).

These graphs shows that almost 90% of Pakistani and 40 % of UK people say that the migration trend is due to other reasons than the economic, social or political reasons that the people are willing to migrate to other areas. (Kraus-Weysser and Ugurdemir-Brincks, 2002)

## RESULTS

### DESCRIPTIVE STATISTICS

	Mean	Std. Deviation	N
Social Reasons	47	11.254	40
Economic Reasons	52	16.258	40
Political Reasons	84.5	10.281	40
Other Reasons	65	48.262	40

Above Table illustrates that the mean values of Social reasons is 47, its standard deviation is 11.254 and the number of the values that are computed is 40 similarly in case of economic Reasons, political Reasons, & Other reasons mean values are 52, 84.5, 65 respectively and Standard deviation are 16.258, 10.281, 48.262 respectively and the number of values are 40

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## CONCLUSION

This study explores the reason of the migration, the trend which is being followed by the people to migrate from home to the host country. The migration can be circular or permanent migration; there are many reasons for there migration like social, economic, political or it could be any other reason. Moreover the Government must take certain steps to make the strategies for the immigrants to avoid the problem due to the diversity created due to migration. More over the most important part is on the part of the managers, the HR mangers who has to mange this diverse group of people, train them to avoid the problems such as employee relation problem or any other social problem and get maximum output. Not Conceit

## RECOMMENDATIONS

On the bases of the research conducted we must recommend that all the people act at there part means that first of all the government must provide a flexible system and strategies for the immigrants who migrate from the home to the host country. Companies are focusing on defining the critical "must have" talent and developing systems and processes for recruiting, developing and retaining the best people. This is a huge growth area of critical importance. It incorporates leadership development and wraps it in a holistic package to recruit, train and retain. The protection of migrants: hence the importance given to ILO conventions and national and international instruments, and the need to ratify and implement international instruments, including the ratification of the International Convention on the Protection of the Rights of All Migrant Workers and Members of Their Families. At the organizational level the HR manger that has to deal with these immigrants and develop a system to train them to avoid various problems in the organization at the employee level Participation in any kind of learning and development activities should focus on employee's development needs, rather than their gender, parental status, age, religion, ethnicity, etc. As discussed above the social, economic, political and other reasons of migration the HR manger has to develop policies to solve the problems that occur at the employee and organization level.

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## ASSESSING CAUSES AND EFFECTS OF ETHNIC CONFLICT IN WONDOGENET WOREDA BETWEEN THE SIDAMA AND GUJI-OROMO PEOPLE

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### ABSTRACT

*Ethnic conflict is tremendously spreading in the world in general and in Africa in particular during post-liberalization periods. The main causes of ethnic conflict are competition over natural resources, sharing political and administrative powers (power rivalry), religious issues and an attempt to secure more political and military powers to control the existing resources in a given area. To this effect, to investigate causes and consequences of conflict, the study took a sample of 54 respondents from the two conflicting adjacent kebeles. From the total of 54, 42 were households and 12 were government employees. Out of 42 informants, 28 households were issued structured questionnaires and 14 were made to participate in FGD. Out of 12 government employees 7 were reached with structured questionnaires and 5 were made to attend FGD. The study has found out that the causes of conflict in the study area are competition over resources located on the border. Moreover, anti-peace elements who wanted to achieve their hidden agenda are fueling the conflict from behind. Therefore, the concerned body has to pay attention and use traditional and national intervention mechanisms to bring peace and stability in the area. There should be good governance in both the Kebeles to teach the respective people to solve their problems around the table in civilized manner rather than opting to the devastation of resources including the precious human lives in the era of 21<sup>st</sup> century.*

### KEYWORDS

Ethnic conflict, Sidama people, Guji-Oromo people.

### INTRODUCTION

Today, ethnic conflict is tremendously spreading in the world in general and in Africa in particular. The main causes of ethnic conflicts are believed to be competition over natural resources, sharing political and administrative powers, religious issues and an attempt to secure more political and military power to control the existing resources in a given area. The good example of such ethnic conflict in Africa was the one which took place in Rwanda between two groups resulting in the death of millions of people and created a shock all over the world with all human beings. According to *Befekadu Zeleke and Diribissa Abate*, most of the wars in the Horn of Africa for the last decades have been described in terms of ethnic conflicts: the civil wars in Sudan, Ethiopia, Somalia, and Djibouti. As stated by these two writers, ethnic conflict is simply a cleavage between groups based on differentiations in ethnic identities, while inter-state ethnic conflict is a conflict that arises between different ethnic groups within a state. Another conflict that has been remained arising for many years is the conflict on the issue of religion, which has been occurred in the Northern part of Nigeria between Christian and Muslim communities which has been resulted in the death of hundreds of people during the conflict.

In the case of Ethiopia, Ethiopia is a country inhabited by more than eighty ethnic groups. As it is the country of so many different tribes, the occurrence of conflicts is unavoidable in one way or the other. According to *Befekadu Zeleke and Diribissa Abate*, even though the magnitude and the damage resulted from the conflict is not as wide as those mentioned in Rwanda and Nigeria, and the loss of life and damage of resources are limited, there have been serious conflicts in some parts of the country. A good example of this is the conflict between Gari-Somali and Borena people, Afar and Oromo People in the Northeast of the country, and conflict between Amara and Oromo people in the Southwest part of the country. We can also cite another conflict which took place around Jima and Agaro between Christian and Muslim communities which demanded the involvement of government security to put it to an end. During the Derg regime, these ethnic groups were not given due attention and as a result different ethnicity conflicts were arisen between various ethnical groups. Even though there were such serious problems at a time, they were not as such pronounced as the country was centrally administered by the central government. After the downfall of the Derg regime in 1991, a transitional government was established in the country by a charter. Among the different objectives addressed by the new government was the decentralization of administration to the regions and the local-level units for the new Ethiopia and its different ethnic groups to:

- Reduce the inter-state ethnic conflict that has divided the Ethiopian society for centuries,
- Promote equitable material conditions in all areas of the country, and
- Improve the efficiency and effectiveness of public sector performance on the field (Cohen, 1995).

Hence, nine regional governments and two city administrations were established. Ethnicity was the major criterion used in drawing the boundaries between these states. This move perpetuated the Ethiopian tradition of drawing administrative boundaries along ethnic lines, boundaries that continue to provoke disputes today (Brietze, 1995). Furthermore, little attention was given to the regions' respective geographical size, population densities, agriculture and resource bases, and levels of infrastructure, existing administrative capacity, or ability to generate revenues. As a result, states differ greatly in size and potential. This further increased inter-state differences among the ethnic groups in the country. As these different regional governments based on their ethnic backgrounds started to be established, the issues of ethnic claims over resources those were considered common such as minerals, land and water, became fuel for conflicts. Thus, this inequitable economic background led to different ethnic conflicts in Ethiopia. Recent clashes between the Ethio-Somali people and the neighboring Oromos in the east, between the Afar and the Oromos in the northeast, the different conflicts in the south and conflicts between the Amharas and the Oromos in the southwest parts of the country are just few examples. (<http://www.ossrea.net/index.php?option>). Although the Ethiopian government has been trying to resolve these conflicts using different mechanisms, the problem still exists in different parts of the country.

When we compare the ethnic conflicts that took place in different regions, their occurrence is numerous in Southern Nations, Nationalities and Peoples Regional State (SNNPRS), the main reason being that the region consists of many ethnicities. The number of ethnic groups in the region is high incorporating as many as 56 different ethnicities. Accordingly, different tribal conflicts took place between different ethnic groups as follows:

- Kore and Guji-Oromo
- Gedeo and Guji-Oromo
- Sidama and Wolayita
- Bodi and Konso
- Sidama and Guji Oromo (Wondo Genet)
- Balesto and Bodi and many others.

The conflicts between these groups happened to occur because of resources such as water and grazing land and currently for other resources located on the borders when the regions were separated through the decisions of referendum. Such conflicts are reported to result in deaths of human being and looting of different resources.

The main purpose of this study is to identify the major causes of ethnic conflicts and strategies used to minimize them within a state and to recommend those strategies that apply:

- To discuss the major causes for ethnic conflicts in multi-ethnic societies,
- To briefly discuss the nature and consequences of inter-state ethnic conflicts in the study area,
- To forward the major strategies that should be used to mitigate ethnic conflicts in the study area,

### STATEMENT OF THE PROBLEM

According to Donald Rothchild and Edward Azar (1966), the ethnic conflict takes place when ethnicity, race, religion, language, culture and identity have become too complex and make it difficult to resolve or manage. Ethnicity has a strong influence and sound on ones status in community. Conflict in some African countries has been arisen because of inequality and as inequality is manifested among groups the conflict is inevitable. In line with the above opinion, the ethnic conflicts which have been taking place in different parts of Ethiopia among different ethnic groups were generally based on economic, political, cultural, religious, and social factors. According to a number of investigators on the case, the conflict that took place in the study area relates with the above factors especially after the downfall of military regime in 1991. Accordingly, the country was divided into 9 regional governments and two city administrations. At the time, ethnicity became major criteria for boundary demarcation between the mentioned states with a view to solve the ethnic conflicts which prolonged during the two former governments (Haileselesse and military regimes). Even though the demarcation of political and administrative boundaries along ethnic line had positive impacts, aftermaths it continued to provoke disputes especially at the borders of different states. One of the reasons which have been provoking disputes repeatedly at the borders of the inter-state ethnicities is the resources which are located between different ethnic groups at the border of two or more states. For example, if there is a health center located at the border of two states, some anti-peace elements provoke the conflict by aggravating the issue of the resource at the border as heart burning key element as if the state can not exist if that specific resource is not given to it.

According to Brietzke, such conflicts are the products of little attention during the demarcation of states. As stated by Brietzke, little attention was given to the region's respective geographic size, population density, agricultural and resource basis and levels of infrastructure, existing administrative capacity, and ability to generate revenues. As a result, states differ greatly in size and resources potential and divided into "haves" and "have not". Befekadu Zeleke and Diribissa Abate also share the same view as stated here above (<http://www.ossrea.net/index.php?>).

The problems of inter-state conflicts between the Sidama and Guji Oromo in the study area of Wondogenet Woreda have initiated the researcher to go for the in-depth empirical investigation of the problems and to come up with the possible solutions that can contribute for the mitigation of such consequences from occurring now and again in the area. Conflict is antigrowth and development thereby corrupting the attention and focus of those involved in anti-peace effects. Anti-peace elements are the provokers of the conflict plunging others those who are not alert into the consequences of conflicts. Not all conflicts are dangers and threats. However, it should be managed intelligently and effectively to convert them into opportunities.

### GENERAL OBJETIVE OF THE STUDY

General objective of the study is to identify the root causes of conflicts which took place between the Sidama and Guji-Oromo ethnic groups in Wondogenet Woreda and to find out potentially sustainable remedy for the same.

### SPECIFIC OBJECTIVES OF THE STUDY

The specific objectives of the study are:

- To identify the causes and consequences of inter-ethnic conflicts in the area,
- To identify the problems and their impacts in the study area on the involved groups, third parties and on the development agenda in the area,
- To find out that who is provoking conflicts and why,
- To imply accountability and responsibility to concerned bodies,
- To identify the goals and motives of the conflicting parties,
- To present possible intervention mechanisms and strategies which should be employed by the pertinent bodies to stop the conflict and maintain peace and stability between the two conflicting parties in the study area.

### SIGNIFICANCE OF THE STUDY

Nevertheless, conflict is the phenomenon affecting social and economic development of the area involved in it, not much attention was given to it to bring about fraternity between the ethnicities involved. This study is undertaken to find out the reasons why inter-ethnic conflict is very hot issue in some areas (like in the study area) than in others. The Study tries to identify main causes of conflict between the Sidama and Guji-Oromo ethnic groups at this time of 21<sup>st</sup> century and attempts to shade conflict resolution mechanisms. It is also to investigate internal and external factors which escalated inter-ethnic conflict in the area and to launch proactive prevention mechanism to bring about peaceful coexistence among the concerned parties.

The study will be very helpful and contribute to policy-makers at regional and federal levels, law enforcement institutions, police forces and other concerned government officials to take pragmatic measures in order to get rid of inter-ethnic conflict in the area.

### SCOPE OF THE STUDY

Ethiopia is a country inhabited by more than eighty ethnic groups. As a result, there are clashes between the Ethio-Somali people and the neighboring Oromos in the east, between the Afar and the Oromos in the northeast, the conflicts in the south and conflicts between the Amharas and the Oromos in the southwest parts of the country are just few examples. Even though there are inter-ethnic conflicts in many places, this study is more confined to the inter-ethnic conflict between the Sidama and Guji-Oromo in Wondogenet Woreda as it is very difficult to cover all the inter-ethnic conflict sites in different regions of the country.

### LIMITATIONS OF THE STUDY

The study faced several bottlenecks during the study period in the area. These include:

- Lack of organized data about the conflict in the study area.
- Scarcity of finance allotted for the study.
- Inaccessibility of the target respondents as both conflicting parties have been considering the researcher as a spy of government.
- Transportation problem because the study area is out of the route obliging the researcher to walk long distances to meet the respondents.

This and other constraints were experienced by the researcher during the conduction of investigation in the study area.

### RESEARCH METHODOLOGY

Data Source	:	Primary and secondary
Data Collection Technique	:	Questionnaire, interview and focus group discussion.
Sample Unit	:	employees, elderly people, government officials, head of households
Sample Size	:	54 respondents were selected randomly consisting of 42 households and 12 government employees from both conflicting kebeles. From the total of 42 households, 28 were issued structured questionnaires, and 14 were made to participate in FGD. Out of 12 government employees, 7 were issued structured questionnaires and 5 were made to participate in FGD.
Sampling Technique	:	Simple random sampling
Statistical Techniques used	:	tables, averages and percentages are used to clearly discuss the causes of conflict in the area mentioned.

## RESULTS AND DISCUSSIONS

The necessary data for this study were collected mainly from primary sources using questionnaires and interviews from government employees, elderly people, government officials and heads of households that were selected from Wosha Soyama and Shasha Kebeles which are currently situated in Wondogenet Woreda of SNNPR and Wondo Woreda of Oromia Region, respectively. Secondary data were collected from different books, journals, government reports, documents from Zonal and Woreda offices and online sources to substantiate the data collected from primary sources. These Kebeles were selected purposefully because ethnic conflicts were pervasive and repeatedly took place in both areas. To this effect, from the population in both Kebeles, 54 sample respondents were selected using simple random sampling method. Out of the selected sample respondents, 42 respondents were households equally selected from both Kebeles employing simple random sampling technique. Among these respondents, for 28 households structured questionnaires were dispatched, collected and administered. Fourteen households were participated in focus group discussion (FGD). Furthermore, 12 government employees were involved for this study. Out of these, 7 employees were distributed with structured questionnaires and their responses were collected and administered. The rest five employees were participated in FGD. From the total respondents, 10 (18.5%) were female and the rest 44 (81.5%) were males.

Regarding age distribution of the respondents, 40.7 percent of them are found in the age group between 19 and 30 years. 31.5 percent of the respondents are categorized between the age group of 31 and 40 years whereas 25 percent of the respondents are found to be between 41 and 50 age groups. The remaining 3.8 percent of the respondents are categorized in 51 and above age groups. From this, it can be summarized that 72.2 percent of the respondents are young people in the age group between 19 and 40 which can easily be supposed to emotionally involve in conflicts. The other thing is that 54 respondents have 324 family members which evidences that the two Kebeles have very extended family members requiring more area of land to live in to sustain the livelihood of their families.

Regarding the respondents marital status, 73.3 percent of the respondents are married and 26.7 percent of the respondents are unmarried singles. As it can be seen from the respondents' family ties, it can be understood that there is strong bond between family members because all married couples have not experienced any event of divorce in the study area.

As far as educational status is concerned, 14.9 percent of the respondents are found to be those who can not read and write while 9.2 percent have obtained adult education. On the other hand, 17.5 percent of the respondents have attended grades 1 to 6, 35.2 percents grades 7 to 11, and 11.1 percent grades 11 to 12. Moreover, 7.4 and 4.7 percent of the respondents are holders of diploma and degree education, respectively. As the researcher has personally observed during the field survey, majority of people who were involved in the conflict of Sidama and Guji-Oromo ethnic groups have low educational status. But, this does not mean the educated people may not be involved in an ethnic conflict. However, comparatively the people who are uneducated are vulnerable to conflict along with their poor economic conditions that works like a fuel on fire while comparing with literate/ educated. According to the data collected from the respondents, the educated ones those who want to attain their evil targets have pushed the uneducated ones as a means deceiving them with false promises.

Occupation has direct correlation with the daily life of the given society. The kind and nature of occupation can determine the daily activities and living standards of the people. The people who are involved in daily labor work have low living standard and low income. As far as livelihood of the respondents is concerned, 38.8 percent of the respondents are farmers, 16.7 percent are merchants, 22.3 percent are government employees, 16.6 percent are self-employed and the rest 5.6 are religious leaders.

In one country, the income level of its population is very important as it determines the type of activities in which its citizens participate. Some scholars have argued that people involved in conflict due to unfair resource share, power rivalry, competition for self-administration and the like. As it can be seen from the responses, 63 percent of the respondents earn less than Birr 1000 only per month.

The purpose of discussion about housing is that the housing systems determine the living condition of the given society in the area. The type of housing may also be determined by economic conditions and life status of the people. As we can assure from the responses of the respondents, about 38.8 percent of the respondents are living in houses made from corrugated iron sheet and mud. On the other hand, 31.5 percent and 3.8 percent of the respondents live in grass covering and bamboo made houses, respectively. The remaining 8.4 percent of the respondents live in other kind of houses not mentioned here.

According to the responses collected from the participants, the majority of people living in the study area are conflicting parties: Sidama and Guji-Oromo, 35.1 percent and 27.6 percent respectively. Other ethnic groups residing in the study area are not problems. Rather, they have been victims because of conflicts arising intermittently between the two mentioned predominant ethnics.

According to the response of the respondents, 62.1 percent of the respondents live in the area for more than 10 years, and therefore, they know each other well. Before the two Kebeles departed from each other through the referendum conducted in the area, the people used to live together sharing happiness or sorrow.

According to the elders in the study area, there was strong relationship between the two ethnic groups and one used to wish good fortune to the other. Even when they slaughter animals, they wish good things for each other. In the past, when Sidama slaughtered animals, they used to bless Guji-Oromo saying "Eli-Gujera" meaning "Oh God! Bring good things to Guji people". Guji-Oromo also used to say the same to Sidama people living in the area. Then, why they are hostiles to each other today? Some respondents indicated that rent seekers who are running after their personal benefits are using the people as shield to hit targets listed in their agenda by provoking and aggravating minor issues as if big mistakes have been committed by the other ethnic group and that their group is losing if they do not attack the other group by force.

From the above points it can be inferred that both ethnic groups had strong social and economic co-relation during early periods. They had collaborated with each other during the times of happiness and sorrow. They used also to participate on funeral, wedding and inter-marriage ceremonies. As far as their economic relationship is concerned, they helped each other during the time of cultivating the land, constructing houses, lending money to somebody facing financial problems and so on. Then, why are they such bitterly hostiles with each other, currently? As it has been mentioned here above, the provokers of conflicts are rent-seekers, those who want to achieve their hidden agenda at the expense of innocent societies.

## CONCLUSIONS

Today, ethnic conflict is tremendously spreading in the world in general and in Africa in particular. Ethiopia is a country inhabited by more than eighty ethnic groups. As it is the country of so many different tribes, the occurrence of conflict is unavoidable, and as a result, minor conflicts have taken place at some places as in the study area. However, the magnitude and the damages resulted from the conflict is not as pervasive as those mentioned in other African countries.

The main causes of ethnic conflict are believed to be competition over natural resources (pastoral land used for cattle grazing and water), sharing political and administrative powers, religious issues and an attempt to secure more political and military power to control the existing resources in a given area.

To bring about peace, stability and order in the study area, peace and negotiation conference was held in December 2009. However, some conflict seekers have not been satisfied by decisions made round the table and opted for refigiting raising questions of boundary demarcation issues between Intaye and Kella Kebeles; Busa and Chuko Kebeles; the issue of Kella (Checking point) and the question of Wondogenet Forestry College. As the solution to such questions was given by referendum, raising them again complicated situation. The questions were not responded in time by the concerned body and resulted in the devastation of resources including lives of people.

The findings of the study indicate that political and economic conditions are the major source of the different ethnic conflicts in the study area. The major political issues are related to decentralization and self-determination, which usually give rise to the publicity of ethnicity. The economic issues are associated with the interest of controlling the checking point (Kella) and collect taxes and generate more inland revenue to be utilized as the budget for respective Woredas in the study area; while lack of education among the mass, poverty and high population growth aggravate the ethnic conflicts.

## RECOMMENDATIONS

- Most of time, ethnic conflicts lead to violence; social strives and converted into felonious crimes and civil wars. Thus, if there is any, it should be handled properly from very beginning. If it is treated well, it might not have led to destruction of property, loss of human life and threats to development.

- Both regional governments, in collaboration with Federal Government, should take fair and proactive conflict prevention measures based on FDRE Constitution.
- According to the finding of the study, there is a lack of coordination and cooperation between the two regional governments on the on-going conflict. So, both regional governments should have given more focus to conflicts as it hampers the developmental activities in both regions.
- Two regional governments should involve themselves and attempt to radically solve problems thereby participating elders from both sides and using traditional mechanisms of conflict settlement.
- People in the area should be thought of about the values of tolerance in order to eliminate the possibility of occurring of conflict.
- Boarder-peace-council should be established involving prominent and influential elders including the "Gedas" of the both society and give them peace and stability responsibility to bring about sustainable order, stability and peace in the area and make the society focus on the growth and development of the study area. Moreover, the established council should present the boarder report to two respective Woreda Councils every three months regarding the current situation in the area. The elders can also use the traditional way of condemning and ostracizing of those who are likely to provoke conflicts in the area as one means of peace keeping mechanism.
- The concerned bodies should give to the people in the area continuous training to create awareness about the benefits and advantages of peaceful co-existence and vice versa. Fraternity of people should be promoted in order to maintain peaceful co-existence between the two conflicting societies.
- The two Woreda Councils should work hand-in-hand in order to identify the conflict provokers and take corrective actions against them in the two adjacent Woredas in such a way others can learn a lesson.
- The questions raised by the people should require timely response as delays may lead to devastation of property and human lives.

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## APPENDIX

## APPENDIX 1: PERSONAL CHARACTERISTICS OF THE RESPONDENTS

Measures	Age group	items		Frequency	Percent
		M	F		
Age and sex	19-30	17	5	22	40.7
	31-40	13	4	17	31.5
	41-50	12	1	13	25
	51 and above	2	-	2	3.8
Marital Status	Married	-	-	38	73.3
	Single	-	-	16	26.7
Educational status	Non-reading and writing			8	14.9
	Adult education			5	9.2
	Grades 1-6			10	17.5
	Grades 7-10			19	35.2
	Grades 11-12			6	11.1
	Diploma			4	7.4
	Degree			2	4.7
Occupational status	Farmers			21	38.8
	Merchants			9	16.7
	Government employees			12	22.3
	Self-employees			9	16.7
	Religious leaders			3	5.6
Monthly income	< 500			13	24.2
	501-1000			21	38.8
	1001-1500			12	22.3
	1501-3000			7	12.9
	Above 3000			1	1.8
Category of ethnic groups	Sidama			19	35.1
	Guji-Oromo			16	27.6
	Amahara			8	14.9
	Kambata			2	4.7
	Wolayita			3	5.6
	Guraghe			4	7.4
	Hadiya			2	4.7
	Others			-	-
Years of stay	Between 1-5 years			7	12.9
	Between 6-10 years			13	25
	Between 11-20 years			11	20.3
	Between 21-30 years			7	12.9
	Above 30 years			16	28.9

Source: survey data collected by the researcher

## THE RANKING OF EFFECTIVE FACTORS ON LABOR PRODUCER WOMEN'S ENTREPRENEURSHIP BY TOPSIS (THE CASE OF A PROVINCE IN IRAN)

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### ABSTRACT

*The purpose of this research is the ranking of effective factors on labor producer women's entrepreneurship on khorasan-e-Razavi cooperation section. The necessity of observing women's job necessitate presenting labor producer's activity which can decrease the rate of entrepreneurship's of unemployment women and solution to women's entrepreneur job. Besides, noticing to the situation of women's job and leading them to labor market can provide better society utilization of this potential power. So, recognition of factors that underlie more participator capable population in social and economical fields of country has especial priority. After studying background research and different dimensions of women tendency to employment, at first decision tree of effective factors hierarchy on women's entrepreneurship and labor productivity is identified. Then, effective factors on labor productivity are graded by TOPSIS technique and Shannon Entropy weighting. The results of this research reveal that one of the important reasons of women's motivation to having job is remove material needs; accordingly, having well-paid job for women cause removal their financial needs and it helps to improve family finance. The last option between different options that effect on labor productivity of women is depression preventing factor.*

### KEYWORDS

labor productivity, women, entrepreneurship, TOPSIS technique, cooperation.

### INTRODUCTION

Noticing to the situation of women's job and leading them to labor market can provide better society utilization of this potential power. So, recognition of factors that underlie more participator capable population in social and economical fields of country has especial priority. Different research have been done about Related Factors that are effective on women's tendency of employment; Harandi and Jamshidi (2008) realized that with increasing age and education level increase probability of women's employment significantly. Sadeghi and Emadzadeh (2004) with studying on a pattern in period 1966-2001 with OLS technique showed increasing women's higher education increase probability of finding job in labor market for women. Also increasing gross domestic product and investment size increase share of women's employment. Azizi va Azarkamand (2010) with field and documental method analysis and survey women's education and employment as an important factor in create and improve civilization. Also, Rostami (2004) survey about women's employment on Mazandaran in handy craft and in this part evaluated effect of education and social, cultural, economical positions, in quality of women's presence. According to general trend of scientific research, should be Said this research, after survey different dimension of women's employment, change it to the research question and is tried to survey and grading of effective factors on women's tendency to employment by TOPSIS technique on Khorasane-e-Razavi cooperation section. Because this kind of research with this method about effective factor on women's tendency to employment didn't survey, its new research and the range of factors that are surveyed is widespread in this research. Most of researchers have considered on some limited factor that effect on woman's tendency to employment. But in this research is studied about effect of 12 variables in subset of 4 main factors for women's tendency of employment in cooperation section.

### THEORETICAL BACKGROUND

Women in labor market have different situation with man in some cases such as job kind, position of women's employment and amount of income on same situation of work with men that some theories are created for analysis and explanation of these differences. The main related theories are, neoclassic, theories of labor market division and theory of gender: Neoclassic theory explains difference of gender and income between women and men such as familial responsibility, population power, public education, absence and mobility of labor and they are known as effective on amount of efficiency workforce.

Theories of segregated labor market are claimed there is difference between two groups of professions, first group of profession have better payment have more secured and more chance of better situation, second group with low payment faced to less secure and limited chance to improve. In first group stable worker is important for employer, it is seen that is more absorption probability of women to second group because of mobility in women's work. Gender based theories claim that women subjective situation in labor market and family is related and it is a part of social system that women are subjected by men.

There are different ideas about women's employment that some of these ideas are opposite to women's employment and some agree that it will be overruled in brief on agreed and disagreed votes. Some of researcher and theorist with some reason survey negative aspects of women's employment, this group with emphasis on mother's innate duty (task inherent) and responsibility of women toward family and children need unemployment women and their permanent presence at home. In general all theories and results of research of this group can be divided into two groups:

Sarokhani(1991) say: Some of them believe that women have mission innately that are upbringing children, married, doing house chores and father of family with job and income is the main leader of family and if woman has breadwinner job it may cause competition with husband; its an issue that is harmful for unity and coordination of family.

On the other hand, researches show an important issue that with increasing women's employment decrease rate of fertility and birth; and generation will be faced to reduction. Keleher (1991) say: it seems 20 million of employees are exposed to Reproductive hazards that most of them are invisible and their influence maybe became visible after years. Ali Yee (1999) say: Certainly, pregnant women and their fetus are not secure of this kind of accident.

Ansari (2001) say: Orlanis presented a report to global conference, followed this discussion seriously that women employment with same situation to men could cause decreasing birth rate and he said: the most important thing in social factors that affect birth rate is women's situation. He added that fertility rate



between Russian labor women is 138 in thousand and between unemployment labor women is 1999 in thousand and he conclude with this number that women's entry into social work is a main factor of birth decreasing.

Sarookhani and Majd abadi in a research said that: working out of house cause some problem such as taking care of children in women's absence at home, psychological and physical problem and so on. Akhavi raad an Hatami(1983) make conclusion in a research that most of people emphasis effect of women's job on rate of fertility that the reason is lake of time to taking care of children. Aslon Fider(1984)say:Another point is seeking financial independence, nowadays women, don't endure pressure of ? previous women and often say to their self: "I'm do not have to have this situation. I can control a life".

Another group of disagreed believe that because of multiple roles and increasing women's duty and joining outside work and inside job of home, and tolerate and tiredness of this hard responsibility, damage psychological and physical health of mother. Barj and barft (1986) after some researchers conclude that: accordingly, fans of deficiency hypothesis believe that playing important and different roles like motherhood and wifely and employment, cause pressure and exhaustion for employment women and in conclusion their health threatened of mental health and related issues. Zohreh Khosravi (1985)say:Also based on this hypothesis each extra role cause extra pressure on time and person's energy, main role such as role of being mother, job and wifely roles needs real facility, time and trying. A person can't do all demands of different roles, so, she feels just have strong commitment to one of them. So, based on employment theory especially full-time employment has negative physical and psychological effects like feeling of guilt and stress.

Yazdi Khasti(1979)say:, Also because of society needs, their education and awareness level increases and as a result dismiss role of colonialism. In general, in lasts century because of especial economical and social situation, lots of researchers believe that women's employment outside of home and its expanding is necessary because women's employment is very effective on removing illiterate problems, increasing uncontrolled population, moderate incomes and solving problems and income's gap and so on.

In the other side, fans of women's employment predict improving of employment effect on self-concept for married women is that: women's employment and playing important role provide different resource for satisfaction and privet rewards for women and it cause positive self concept and increasing self esteem and mental health.

Zohre khosravi (1985) say: Some research express that if women can make balance between house and job responsibilities, rather than women who just do house responsibility full-time feel less pressure. Ferank arabi (1987)say: Another result and positive effect of women's employment that is known is decreasing responsibility of breadwinner; with this meaning that: in industrial country each person supports one person's life. Although in developing country each person supports life of 4 people. Decreasing Sponsorship increases per capita income and one of development indexes is Sponsorship amount.

Sheybani and Afshari (1987) with method of input-output, calculating women's employment coefficient in different economical part, in two parts of public and privet based on education and skill level. Results of this research shows continuity of privatization process is limited in making job for high educated women, but its influence in making job for medium and less educated is positive; in the way that low educated women in industrial part (textiles), women with medium education in hygiene section, and post graduated women in two part of high training and hygiene training have more coefficient in employment. Shaybani and Afshari (1989) calculated coefficient of women employment with different level of education and skills in different parts of industry and in three section of state, privet, cooperation, by input-output technique. The result of research shows that more coefficients are connected to subsections allocated to fish, marine, sugar, clothing, pharmaceutical, and electronic and subsections of fish, clothing, electronic, tobacco, and cigarette, respectively, have biggest coefficient of women occupation in state section. Noroozi (1990) with survey of gender dimension of employment structure (job's diversity, job promotion, income from work) in Iran, the result of census with use of descriptive method and statistical analysis in 1982, census of the cost of household income in 1986, and census of employment and unemployment 1989, shows that job's diversity and chance of job promotion for women are limited and their income is less even in the same level of education with men. This income difference in villages and cities had been, in order, 2.2 and 8.1 times more than women. Sadeghi and Emadzadeh (1990) show that with survey of effective economical factors on women's employment in Iran in period of 1952 to 1987; increasing high education, increase probability of finding job for women; it means, gross domestic product and investigating size, increase share of women's employment in labor market.

about women's employment there are different variety of ideas. Also, about effective factors on women's tendency to employment, generally previous studies considered on some macro level coefficients considered limited coefficients for explanation of women tendency to employment. This study starts with asking this question: what's the main effective factor on women's tendency to employment? And the main goal of that study and get priority to effective factors on women's tendency to employment, in these research 12 coefficients are graded in four dimensions, economical, social, psychological, and legal by TOPSIS technique.

**Women's cooperation on Khorasan-e-Razavi:** The first women's cooperation on Khorasan-e-Razavi is founded in 1974 that production services cooperation with 14 members was founded. Forming women's cooperation with low growth had continued but after formation ministry of cooperation and provincial cooperation office, women's cooperation had impressive growth, so that till end of 1990, 973 active and in forming cooperation with 44797 members were working. Now, after separation Khorasan province, number of women's cooperation on Khorasan-e-Razavi, is 1686 Cooperation Company with 333950 members that shows women's favorite to have activity in producing and services especially in cooperation section. Currently, sum of members in all cooperation in province is more than 337982 members. Women's presence in cooperation besides helping economical improvement is a way to cultural, economical and social independence, that of course in this way there are lots of problems to face with.

## METHODOLOGY

Method in this research is analysis-mathematics. In this way that at first, collected information with statistics method by SPSS software was analyzed and then by TOPSIS method that will be explained, the effective factors on labor producer of women in cooperation section will be grading. Nowadays one of the methods that are used very much in giving priority of option and different parts use is TOPSIS analysis.

**Population and statistical sample:** Statistical population of this research contains active women in cooperation section on Khorasan that were founder of Cooperation Company and they are aware of women's problems in this section. Also, some of experts and university professors those are aware of women's labor producing in cooperation section.

**Statistical sample:** Because size of Statistical population was big so in this research a sample was chosen on Khorasan-e-Razavi. With Cochran formula size of sample that is estimated, number of Statistical population in this research is equal to 337982 members that based on 0.05 errors and 0.95 accuracy, 384 members for sample is needed. So, 384 employment women were chosen on Khorasan-e-Razavi cooperation section and questionnaire had been asked effective factors on women's tendency to employment in cooperation section.

### COCHRAN FORMULA

$$n = \frac{Nt^2pq}{Nd^2 + t^2pq} = \frac{337982(1.96^2)(0.5 \times 0.5)}{337982(0.5)^2 + (1.96)^2(0.5 \times 0.5)} = 384$$

The number of needed sample is 384 questionnaires for research, for covering needed number of sample, was distributed 390 questionnaires that 385 number of it had been responded and useful, rate of returned questionnaire is 99%.

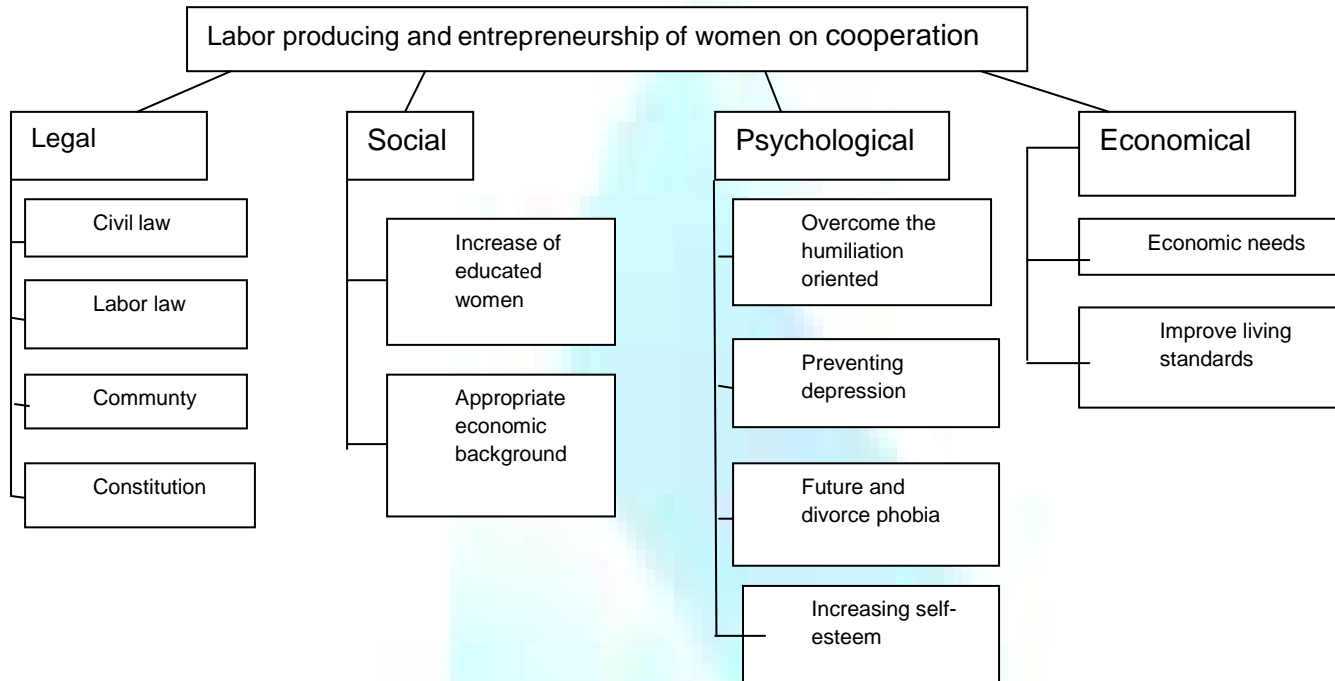
**Hierarchical decision tree:** With survey of literature's research and its discussion that are related to labor productivity and entrepreneurship of women, decision tree was designed and collected as bellow. In this decision tree labor productivity and entrepreneurship of women on cooperation section Khorasan-e-Razavi divided into four main factors and 12 sub factors.

The main factors are:

- Economical factors that has two subsets:
  - 1- Economic needs
  - 2- Improve living standards
- Psychological factors that has three sub factor:

- 1- Overcome the humiliation oriented
- 2- Increasing self-esteem
- 3- Preventing depression
- Social factor has three subset:
  - 1- Increase of educated women
  - 2- Future and divorce phobia
  - 3- Appropriate economic background
- Legal factors that has four subset:
  - 1- Constitution
  - 2- Civil law
  - 3- Labor law
  - 4- Community rules

FIGURE 1- DECISION TREE



**SHANNON ENTROPY WEIGHTING METHOD**

Before calculating process by TOPSIS method based on theoretical research, at first importance of coefficients of the indexes should be determined. In this research for index's weighting by Shannon entropy method and based on decision matrix it will be used. When data of decision matrix are determined, entropy method for weight evaluating can be used.

Azar, Rajab zadeh (1995)say: Entropy in information theory is an uncertainty criterion that by certain probability distribution  $P_i$  is expressed. Measuring uncertainty with Shannon as follow:

Relation 1:

$$E_i = S(p_1, p_2, \dots, p_n) = -k \sum_{i=1}^n p_i \ln p_i$$

i-1,2,...,m

In this relation k is a constant value. This above relation is used in statistics calculation with entropy named probability distribution  $P_i$ . Words of entropy and uncertainty are used in one concept. When  $p_i$ 's are equal (for value that is given to i and j) so  $p_i = 1/n$ .

In decision matrix  $p_i$  can be used for different evaluation of options. In decision matrix this research m option and n indexes (criterion) are considered.

TABLE 1: DECISION MATRIX

		X <sub>1</sub>	X <sub>2</sub>	...	X <sub>n</sub>
D=	A <sub>1</sub>	r <sub>11</sub>	r <sub>12</sub>	...	x <sub>1n</sub>
	A <sub>2</sub>	r <sub>21</sub>	r <sub>22</sub>	...	x <sub>2n</sub>
	⋮	⋮	⋮	⋮	⋮
	A <sub>m</sub>	r <sub>m1</sub>	r <sub>m2</sub>	...	r <sub>mn</sub>

The above result for index j is:

$$p_{ij} = \frac{r_{ij}}{\sum_{i=1}^n r_{ij}}; j = 1, \dots, n \forall$$

Relation2

$E_j$  entropy is calculated as:

$$E_j = -k \sum_{i=1}^m p_{ij} \ln p_{ij}, n \forall_j$$

Relation 3

And k is constant value and calculates as:

$$K = \frac{1}{Ln(m)}$$

That keeps  $E_j$  between zero and one.

In continue  $D_j$ 's value (deviation degree) is calculated that express index of (j) how much useful information for making decision gives to determiner. Whatever this value that is indexation measured be close it shows that component options are not different very much. Therefore, role of that index should be decreased as same.

$$d_j = 1 - E_j, \forall_j$$

Relation 4

Then  $w_j$ 's weight will be calculated for choosing best weight:

$$w_j = \frac{d_j}{\sum_{i=1}^n d_j}; \forall_j$$

Relation 5

By fixing decision matrix with decision tree criterions and respondents ideas weight of each index calculate by relation 3 to 5.

**TOPSIS TECHNIQUE**

This method is presented in 1981 by Hwang Yoon. In this method m options and n indexes will be evaluated and per year can be considered as a geometric system that contains m point in n-dimension space. This technique is base on this concept that chosen option should has less distance to positive ideal solution (best possible,  $A_i^+$ ) and more distance to negative ideal solution (worst possible,  $A_i^-$ ).

Azar, Rajab zadeh,(1995)say:Assume that desirability of each index is uniformly increasing and decreasing. Solving a question with TOPSIS method has 6 steps that are explained as follow.

1- Matrix D with Euclidean norm is changed to scale matrix.

$$r_{ij} = \frac{r_{ij}}{\left(\sum_{i=1}^m r_{ij}\right)^{\frac{1}{2}}}, (j = 1, \dots, n)$$

Relation 6

Counted matrix, called ND.

2- Weighted scale matrix will be calculated.

$$V = N_D \times W_{n \times n}$$

Relation 7

V is weighted scale matrix and W is a diagonal matrix of calculated weight for indexes.

3- Ideal positive solution ( $A_i^+$ ) and ideal negative solution ( $A_i^-$ ) is determined.

Positive Ideal option

$$= A^+ = \left\{ (\max_i V_{ij} | j \in j_1), (\min_i V_{ij} | j \in j_2) | i = 1, 2, \dots, n \right\}$$

Negative ideal option

$$= A^- = \left\{ (\min_i V_{ij} | j \in j_1), (\max_i V_{ij} | j \in j_2) | i = 1, 2, \dots, m \right\}$$

$$A_i^+ = \{v_1^+, v_2^+, \dots, v_n^+\}$$

$$A_i^- = \{v_1^-, v_2^-, \dots, v_n^-\}$$

4- Amount of distance based on Euclidean norm for negative ideal solution and positive option and same amount for positive ideal solution and negative option will be calculated as follow.

$$d_i^+ = \left\{ \sum_{j=1}^n (V_{ij} - V_j^+)^2 \right\}^{\frac{1}{2}}, (i = 1, 2, \dots, m) \quad d_i^- = \left\{ \sum_{j=1}^n (V_{ij} - V_j^-)^2 \right\}^{\frac{1}{2}}, (i = 1, 2, \dots, m)$$

5- Proximately close to  $A_i$  to ideal solution is calculated as follow.

$$c_i = \frac{d_i^-}{(d_i^- + d_i^+)}, (i = 1, 2, \dots, n)$$

Relation 8

If  $A_i = A_i^+$ , then  $d_i^+ = 0$  and  $C_i = 1$ . And If  $A_i = A_i^-$ , then  $d_i^- = 0$  and  $C_i = 0$ . So, each  $A_i$  option that is closer to ideal solution,  $c_i$  amount will be closer to 1.

6- Grading labor productivity and women's entrepreneurship on cooperation section will be done in this step. Based on decreasing rank of  $C_i$  can be graded labor productivity and women's entrepreneurship on cooperation section based on more importance.

**Data collection methods and measurement tools:** In this research collecting data is field that with researcher questionnaire and asking statistics sample to answerer will be collected. This questionnaire contain 12 questions about factors of labor productivity and women's entrepreneurship on cooperation that in table 3-2 is shown, also measurement tools of this questionnaire is 5 degrees range that is graded as very low to very much.

**Validity and reliability of measurement tools:** In presence research in order to calculate and final amount assessment of questionnaire is used by Keronbakh Alfa method, if amount of keronbakh alfa is more that 70% stability of questions is acceptable. In order to calculate stability of questionnaire after preparing 10 questionnaires it is distributed between women’s entrepreneurship and after collecting amount of Keronbakh alfa is calculated. Amount of that is 0.8533 and it shows stability and reliability of this questionnaire is high.

**EMPIRICAL RESULT**

**Factors and indexes weight**In this research with Shannon entropy method and based on decision matrix, this coefficients are counted. And K is counted as constant amount that is equal to 0.2941

$$K = \frac{1}{Ln(m)} = \frac{1}{Ln 30} = \frac{1}{3.4} = 0.2941$$

That keep amount of E<sub>j</sub> between zero and one.

According to the reached results weight of factors is: factor of economical women’s need by weight 0.0391 is in lower rank in weight, less weight shows that its effect of factor for all options and answerer was been equal and importance of that in decision in order to choose an option is invisible. In continue weight of each factor is as follow; factor of improvement of living level has second rank by weight of 0.0561, factor of suitable economical has third rank by weigh 0.0613, factor of increasing educated women has fourth rank by weight 0.0666, factor of Overcome the humiliation oriented has fifth rank by weight 0.0701. Factor of Community rules has sixth rank by weight 0.0771 and factor of increasing self-esteem has seventh rank by weight 0.0812. Also factor of Constitution has eighth rank by weight 0.0864. factor of Labor law has ninth rank by weight 0.0911. Factor of Future and divorce phobia has tenth rank by weight 0.1186. Factor of preventing depression has eleventh rank by weight 0.1215. Factor Civil law has twelfth rank by weight 0.1308.

**TABLE 2: RESULTS OF ENTROPY SHANNON CALCULATION**

factors	E <sub>j</sub> entropy of each index	D <sub>j</sub> deviation degree of each index	W <sub>j</sub> normal weight of each index
Economic needs of women	.9933	.0067	.0391
Improve living standards of women	.9904	.0096	.0561
Overcome the humiliation oriented	.9880	.0120	.0701
Increasing self-esteem of women	.9861	.0139	.0812
Preventing depression of women	.9792	.0208	.1215
Increase of educated women	.9886	.0114	.0666
Future and divorce phobia	.9797	.0203	.1186
Appropriate economic background	.9895	.0105	.0613
Constitution	.9852	.0148	.0864
Civil law	.9776	.0224	.1308
Labor law	.9844	.0156	.0911
Community rules	.9868	.0132	.0771
summation		.1712	

**Ranking factors by TOPSIS method:** In order to solve this model at first decision matrix with help of Euclidean norm is changed to weighted scale matrix Nd. Next, based on calculated indicator’s coefficients, diagonal matrix W, calculate weighted scale matrix (v). After calculating scale matrix, coefficients of factors weight that with help of entropy Shannon method gained on act on factors and weighted scale matrix (V) calculated. After these steps positive ideal solution and negative solution should be fixed that with explained relations, calculating of this issue has done. Next step for grading factors is calculating amount off distance based on Euclidean norm for negative ideal solution and positive ideal solution that results of this calculating has shown in table 3.

**TABLE 3- INDICATOR OF GROUP OF NEGATIVE AND POSITIVE d<sub>i</sub>**

Size of positive distance d <sub>i</sub> <sup>+</sup>			Size of negative distance d <sub>i</sub> <sup>-</sup>		
rows	factor	Amount of d <sub>i</sub>	rows	factor	Amount of d <sub>i</sub>
1	Economic needs of women	.0906	1	Economic needs of women	.1432
2	Improve living standards of women	.2000	2	Improve living standards of women	.1792
3	Overcome the humiliation oriented	.3763	3	Overcome the humiliation oriented	.1769
4	Increasing self-esteem of women	.4035	4	Increasing self-esteem of women	.2307
5	Preventing depression of women	.8466	5	Preventing depression of women	.3772
6	Increase of educated women	.2390	6	Increase of educated women	.2163
7	Future and divorce phobia	.3286	7	Future and divorce phobia	.2446
8	Appropriate economic background	.2522	8	Appropriate economic background	.1863
9	Constitution	.4870	9	Constitution	.2867
10	Civil law	.8297	10	Civil law	.4192
11	Labor law	.3527	11	Labor law	.3564
12	Community rules	.2837	12	Community rules	.2561

Last step in TOPSIS technique is calculating amount of each factor’s C<sub>i</sub> that with use of distance size based on Euclidean norm for negative ideal solution and positive ideal solution index’s amount calculated and finally based on C<sub>i</sub> effective index factors on labor producing on Khorasan-e-Razavi had been ranked.

In table 4, amount of C<sub>i</sub> of each factor is defined. Each factor that has more distinction effects and importance of that is more in labor productivity. According to the results, it has been defined that women Economic needs has the first rank by the index 0.6126 between effective factors on labor productivity Khorasan.

The factor of Also Labor law has second rank of importance by the index 0.5026. the Factor of Increase of educated women has the third rank by the index 0.4752, Increase of educated women is a factor that labor productivity and women’s entrepreneurship especially in cooperation section that in this research gained the third rank.

The factor of Community rules has the forth rank by the index 0.4744. The factor of Improve living standards has the fifth rank by the index 0.4725. the factor of Women’s Future and divorce phobia has the sixth rank by the index 0.4285. The factor of appropriate economic background has the seventh rank by the index 0.4248.the factor of Constitution has the eights rank by the index 0.3705. Also the factor of increasing self-esteem has the ninth rank by the index 0.3637. The factor of Civil law has the tenth rank by the index 0.3356. The factor of Women’s Overcome the humiliation oriented has the eleventh rank by the index 0.3198. Finally, the factor of women’s Preventing depression has last rank by the index 0.3082 between effective options on women’s labor productivity.

psychological factors has less importance in labor productivity of women and social and economical factors has more effect on labor productivity of women in cooperation Khorasan-e-Razavi. In table 5, factors grading observed based on main factors division.

TABLE 4: GROUP OF C<sub>i</sub> AND FACTORS RANK

Amount of C <sub>i</sub> of each factor with factor rank		
Factor rank	factor	Amount of C <sub>i</sub>
1	Economic needs	.6126
2	Labor law	.5026
3	Increase of educated women	.4752
4	Community rules	.4744
5	Improve living standards	.4725
6	Future and divorce phobia	.4285
7	Appropriate economic background	.4248
8	Constitution	.3705
9	Increasing self-esteem of women	.3637
10	Civil law	.3356
11	Women Overcome the humiliation oriented	.3198
12	Preventing from depression of women	.3082

TABLE 5: GRADING FACTORS BASED ON MAIN FACTOR DIVISION

Amount of C <sub>i</sub> of each factor with factor rank			
Amount of C <sub>i</sub>	Sub factor	Factor rank	Main factor
.6126	Women's Economic needs	1	Economical factors
.4725	Improve living standards	2	
.5026	Labor law	3	Legal factors
.4744	Community rules	4	
.3705	Constitution	5	
.3356	Civil law	6	Social factors
.4752	Increase of educated women	7	
.4285	Future and divorce phobia	8	
.4248	Appropriate economic background	9	
.3637	Increasing self-esteem of women	10	Psychological factors
.3198	Women Overcome the humiliation oriented	11	
.3082	Preventing from depression of women	12	

## DISCUSSION AND CONCLUSION

Based on Obtained results shows those women economic needs have the first rank by the index 0.6126 between effective factors on labor productivity on Khorasan. It seems according to economic situation of most of families and their hard economic needs; obtaining first rank is not unbelievable. As it seems economic needs has more importance in Obtaining job, this result emphasis results that Khadije Safiri (1984) and Akbar Shoari nejad (1978) gained.

Also the factor of labor law has second rank by the index 0.5026; effect of labor law on labor productivity can be determiner. Labor law can act on limiting employment chance or vice versa in opening way of women's employment.

Research show that employment women are more educated that housewife. It means higher education increase chance of finding job. Also it can be said: employment has an important role in making motivation for continuing education and job promotion. ( Khosravi, 1985) in this research increasing educated women has the third rank by the index 0.4752, increasing educated women is a factor on labor productivity women's entrepreneurship on cooperation section that in this research this factor gained third rank. The obtained result is emphasis Ali alkbar Shoari nejad (1978), and Michel todaro (1975).

The factor of Community rules has the fourth rank by the index 0.4744. This factor can be limiting factor for labor productivity of women in chance of employment, in most of times Beliefs and social norms Deterrent against women's work and career and therefore some changes is maid in Beliefs and social norms about women's employment, Can be effective on women's employment. Factor of improving living standards has the fifth rank by the index 0.4725. The factor of Future and divorce phobia has the sixth rank by the index 0.4285. The factor of appropriate economic background has the seventh rank by the index 0.4248.

The factor of Constitution has the eighth rank by the index 0.3705. Also factor of increasing self-esteem of women has the ninth rank by the index 0.3637. Psychological factors in labor productivity of women has unimportant role (at least in this research) and concerning other component factors is in lower rank.

The factor of Civil law has tenth rank by the index 0.3356 to measure on factors and others options has less importance in women employment in cooperation on Khorasan-e-Razavi. Factor of women's Overcome the humiliation oriented has the eleventh rank by the index 0.3198. And finally, the factor of Preventing from depression of women has last rank by the index 0.3082 between effective options on women's employment. Psychological factors have lower importance in women's employment and economical and social factors have more effect on women's labor productivity on cooperation section Khorasan-e-Razavi.

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## THE STRATEGIC GAINS OF ORGANIZATIONAL VERTICAL INTEGRATION: A STUDY ON SOME EDUCATIONAL INSTITUTIONS

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### ABSTRACT

Vertical integration is a common practice in different industries and educational institutions are not also out of it. Some organizations go for forward linkage vertical integration and some other go for backward linkage integration to get some extra benefits. Through vertical integration organizations can be sure about a minimum percentage of sale or buy. This study attempted to find out the strategic gains of organizational vertical integration through analyzing scenario of some private universities and colleges; i. e., Ideal School & College, Motijheel, Motijheel Model High School & College, Shaheed Bir Uttam Lt. Anwar Girls' College, Rajarbag Policeline School & College, SOS Hermann Gmeiner School & College, Stamford University, Bangladesh, Manarat International University (MIU), Bangladesh University, University of Development Alternative (UODA), Bangladesh University of Business & Technology (BUBT) etc. The study found that above universities gained average 20.52% students through their backward linkage and colleges gained average 44.86% students through their backward linkage, which is significant. Moreover, brand image of the institutions also increases for their vertical integration. Colleges and universities without vertical integration are not having these types of advantages.

### KEYWORDS

Strategic Gain, Vertical Integration, Educational Institutions

### INTRODUCTION

Strategy is the creation of a unique and valuable position, involving a different set of activities, making tradeoffs in competing, and deciding what not to do. Strategy also involves "creating fit among a company's activities" (Porter, 1996). A valid strategy must find a balance among ends, ways, and means consistent with the risk one is willing to accept (Yargar, 2000). Famed management guru, Peter Drucker was fond of saying that strategic planning deals with the futurity of present decisions, rather than with future decisions. Any achievement through setting fruitful strategy is called strategic gain. In business, it has been said that business strategy is all about competitive advantage. The sole purpose of strategic planning is to enable a company to gain as efficiently as possible and a sustainable edge over its competitors. Corporate strategy thus implies an attempt to alter a company's strength relative to that of its competitors in the most efficient way.

Vertical integration is the process whereby different aspects of a business, "upstream" and "downstream" -- ranging from sourcing raw materials and production to marketing -- are brought together. In the oil business a company which is primarily engaged in the production of crude petroleum may decide to engage in vertical integration by acquiring downstream refineries and distribution networks. Similarly, a company strong in its downstream operations may try to engage in vertical integration by investing more in exploration and development and acquiring a greater stake in the production process. Vertical integration may also occur when complementary companies make long term contracts with one another or joint ventures, or if they decide to merge. Vertical integration should not be confused with horizontal integration, or movements toward greater oligopoly or monopoly within an industry. However, vertical integration may encourage tendencies toward oligopoly by offering the integrated companies a competitive edge against their less integrated rivals (<http://www.utexas.edu/cola/>). Vertical integration is the degree to which a firm owns its upstream suppliers and its downstream buyers ([http://en.wikipedia.org/wiki/Vertical\\_integration](http://en.wikipedia.org/wiki/Vertical_integration)).

Vertical integration has been one of the driving forces for consolidation within the aggregates and broader construction materials industries. Most major companies have been active participants. Rinker Materials are an excellent example of a company that uses a vertical integration strategy involving downstream expansion into the manufacture of higher value products and control of its distribution channels. Rinker is Florida's largest supplier of building and construction materials, including aggregates, cement, ready-mix concrete, masonry products, and building products. From the perspective of an aggregates producer, the firm has vertically integrated downstream into the production of higher-value products. Alternatively, if viewed from the perspective of a building materials company, the firm enhances its competitive position and profits by controlling its supply of quality aggregates and its distribution network. For example, the company maintains a network of facilities and sales offices throughout the state. Through its rail distribution system, it can competitively ship aggregates from its FEC Quarry in Miami to Jacksonville. Cemex — the second largest distributor of cement and one of the largest ready-mix producers within the U.S. — is another noteworthy example of a vertically integrated firm. Cemex's network includes 12 cement plants, 60 distribution terminals, and nearly 100 ready-mix concrete plants. In 2000, Cemex purchased Southdown's network of cement manufacturing plants and distribution terminals. By contrast, the company has sold off aggregate quarries within the United States that were not strategic to its cement operations (<http://www.aggman.com/circulation/newssubform.htm>).

Vertical integration describes a company's control over several or all of the production and/or distribution steps involved in the creation of its product or service. Let's assume XYZ Company, which manufactures frozen french fries, wants to vertically integrate. By purchasing a potato farm and a potato processing plant, XYZ could engage in upstream integration (also known as backward integration) and control the quantity, cost, and quality of the product's raw materials. Likewise, XYZ Company could engage in downstream integration (also known as forward integration) to control the distribution of the company's products by purchasing a packaging plant and a fleet of delivery trucks. Ultimately, XYZ could also use balanced integration, which incorporates both upstream and downstream integration, to control the cost and quality of the entire production and distribution process. One of the biggest advantages of vertical integration is that it often creates economies of scale and lowers production costs because it eliminates many of the price markups in each production step. Vertically integrated companies also achieve cost efficiencies by controlling quality at each step, which reduces repair costs, returns, and downtime. In addition, vertically-integrated companies do not have to allocate resources to pricing, contracting, paying, and coordinating with third-party vendors. Vertical integration can ultimately create barriers to entry for potential competitors, especially if the company controls access to some or all of a scarce resource involved in production. This is why in some cases a company may control so much of the market or supply of raw materials that vertical integration can raise antitrust concerns (<http://www.investinganswers.com/financial-dictionary/businesses-corporations/vertical-integration-871>).

Several issues have prompted interest in vertical integration in Australian general practice, including: increased medical student intake across universities and subsequent demand for community placements, interest from state health departments in general practice as a place to train junior medical officers corresponding with the shift of chronic disease management to the community, federal funding for PGPPP posts — it is thought that PGPPP encourages doctors to consider general practice as a career, provision of high-quality training in education for practitioners at all levels of experience, from prevocational medical officers to specialist GPs, and greater work satisfaction for GPs who work as educators. The benefits of vertical integration can include: Providing trainees at all levels with experience in teaching — "teaching how to teach" transcends level of training, therefore this is an efficient use of education resources, to be able to teach requires a revision of one's own knowledge — therefore, this is a very useful exercise in continuing professional development for registrars and specialists, and development of intraprofessional communication skills at all levels (Stocks et. al., 2011).

## OBJECTIVES OF THE STUDY

The broad objective of the study was to find out the strategic gains of organizational vertical integration through analyzing scenario of some private universities and colleges.

More specifically the study has following objectives:

- To find out some vertically integrated colleges and universities.
- To find out inputs from backward linkage of these colleges and universities to forward linkage.
- To find out competitive advantages of these vertically integrated colleges and universities.

## METHODOLOGY

### RESEARCH DESIGN

The first stage of this research was exploratory research. The methods of exploratory research were survey of experts and pilot survey. To conduct the pilot survey a questionnaire was developed and it was less structured with more open ended questions. After the exploratory research population and sampling frame were defined more clearly, and questionnaire was made more structured. The second stage of this research was descriptive under conclusive research; the insights gained from exploratory research were verified to assist the decision maker in determining, evaluating, and selecting the best course of action to take for private universities and colleges.

### SOURCES OF DATA

The study was done based on primary as well as secondary data. In this study the main target population was the vertically integrated private universities and colleges in Bangladesh. Sampling frame was the private universities and colleges of Dhaka city. Sampling technique of the study was convenient sampling under non-probability sampling. Sample size of this study was 10 (5 colleges and 5 universities), i.e., Ideal School & College, Motijheel, Motijheel Model High School & College, Shaheed Bir Uttam Lt. Anwar Girls' College, Rajarbag Policeline School & College, SOS Hermann Gmeiner School & College, Stamford University, Bangladesh, Manarat International University (MIU), Bangladesh University, University of Development Alternative (UODA), Bangladesh University of Business & Technology (BUBT) etc. Primary data were collected from employees of the institutions. The methods for collecting information were personal interview, conversation, survey and observation. Secondary data were collected through different reports, papers and prospectus of the institutions.

### DATA PRESENTATION AND ANALYSIS

Data analysis performs in different statistical techniques such as summary statistics, i.e., frequency distribution and cross-tabulation.

## DISCUSSION OF THE FINDINGS

Following are the results of vertical integration between university and college and college and school.

### VERTICAL INTEGRATION BETWEEN PRIVATE UNIVERSITIES AND COLLEGES

In Bangladesh there are about 100 private universities ([http://en.wikipedia.org/wiki/List\\_of\\_universities\\_in\\_Bangladesh](http://en.wikipedia.org/wiki/List_of_universities_in_Bangladesh)), of which very few are vertically integrated. Out of those vertically integrated universities only five were considered for this study.

#### Stamford University, Bangladesh

Stamford University is situated in Dhanmondi area of Dhaka city. Owners of the university at first established its backward linkage Stamford College and then university. Following table shows the number of students who admitted to Stamford University from Stamford College. Table also shows the contribution of the backward linkage in different disciplines of the university from 2004 to 2005, which is ranged between 7% to 15% (33 to 56) of total students, is enough to recover cost and for starting profit. University got this portion of students with a minimum effort and institution can be sure about a certain minimum number of students from insource. Other students of the college went for other universities (public and private) and colleges (public and private) because Stamford is not one of the top ranked universities (considering education quality) of the industry. On the other hand, in Bangladesh students give first priority to public universities and colleges because of low cost and nice campus.

**TABLE 1: RESULTS OF VERTICAL INTEGRATION OF STAMFORD UNIVERSITY AND COLLEGE**

Program	Year	Semester	Insourcing & Outsourcing		Total no. of Students	% of insource of total students
			Insource	Outsource		
BBA	2004	Spring	89	790	879	11%
		Summer	95	850	945	
		Fall	79	463	542	
	2005	Spring	110	875	985	14%
		Summer	105	546	651	
		Fall	82	344	426	
CSE	2004	Spring	56	359	415	12%
		Summer	62	462	524	
		Fall	35	330	365	
	2005	Spring	41	417	458	8%
		Summer	38	377	415	
		Fall	27	298	325	
Film & Media	2004	Spring	29	503	532	7%
		Summer	43	442	485	
		Fall	28	445	473	
	2005	Spring	64	427	491	15%
		Summer	56	313	369	
		Fall	47	202	249	

#### Manarat International University (MIU)

Manarat International University is situated in Gulshan area of Dhaka city. Owners of the university at first established its backward linkage Manarat College and then university. Following table shows the number of students who admitted from college to university. Table also shows the contribution of the backward linkage in different disciplines of the university from 2004 to 2005, which is ranged between 18% to 33% (12 to 17) of total students. University got this portion of students with a minimum effort and institution can be sure about a certain minimum number of students from insource, which is enough to recover cost and for starting profit. Though this university is not also one of the top ranked universities (considering education quality) of the industry, most of the students of Manarat college are very loyal to the entrepreneurs of the college and university. For that reason percentage of insource students admitted to the university is more than previous university.



TABLE 2: RESULTS OF VERTICAL INTEGRATION OF MANARAT INTERNATIONAL UNIVERSITY AND COLLEGE

Program	Year	Semester	Insourcing & Outsourcing		Total no. of Students	% of insource of total students
			Insource	Outsource		
BBA	2004	Spring	25	95	120	19%
		Summer	19	64	83	
		Fall	16	40	56	
	2005	Spring	21	118	139	18%
		Summer	17	54	71	
		Fall	12	52	64	
CSE	2004	Spring	08	34	42	33%
		Summer	11	23	34	
		Fall	16	12	28	
	2005	Spring	18	38	56	31%
		Summer	14	25	39	
		Fall	09	28	37	
English	2004	Spring	11	24	29	23%
		Summer	05	24	29	
		Fall	08	30	38	
	2005	Spring	15	29	42	24%
		Summer	07	27	34	
		Fall	09	43	52	

**Bangladesh University**

Bangladesh University is situated in Mohammadpur area of Dhaka city. Owners of the university at first established its backward linkage preparatory college and then university. Following table shows the number of students who admitted from college to university. Table also shows contribution of the backward linkage in different disciplines of the university from 2004 to 2005, which is ranged between 8% to 28% of total students. University got this portion of students with a minimum effort which is a strategic gain. Other students of the college went for other universities (public and private) and colleges (public and private) because this university is not one of the top ranked universities (considering education quality) of the industry. But those students who do not get chance to other better institutions or are not eager to move to any institution far from their residence stay in the same campus or same area.

TABLE 3: RESULTS OF VERTICAL INTEGRATION OF BANGLADESH UNIVERSITY AND PREPARATORY COLLEGE

Program	Year	Semester	Insourcing & Outsourcing		Total no. of Students	% of insource of total students
			Insource	Outsource		
BBA	2004	Spring	06	76	82	9%
		Summer	05	70	75	
		Fall	09	55	64	
	2005	Spring	04	91	95	8%
		Summer	08	75	83	
		Fall	07	49	56	
CSE	2004	Spring	09	60	69	10%
		Summer	04	44	48	
		Fall	05	52	57	
	2005	Spring	07	65	72	13%
		Summer	09	50	59	
		Fall	07	35	42	
English	2004	Spring	18	27	45	28%
		Summer	09	49	58	
		Fall	12	23	35	
	2005	Spring	11	53	64	15%
		Summer	08	43	51	
		Fall	06	36	42	

**University of Development Alternative (UODA)**

University of Development Alternative is situated in Dhanmondi area of Dhaka city. Owners of the university at first established its backward linkage College of Development Alternative and then university. Following table shows the number of students who admitted from college to university. Table also shows contribution of the backward linkage in different disciplines of the university from 2004 to 2005, which is ranged between 8% to 21% of total students. University got this portion of students with a minimum effort which is a strategic gain. Normally average level or below average level student study at this college. After passing H S C level some of the students go for further study and some of the students enroll in different colleges. As a result few students go to enroll in different universities. Out of these few university students very few take admission at University of Development Alternative because of new university and less quality services.

TABLE 4: RESULT OF VERTICAL INTEGRATION OF UNIVERSITY OF DEVELOPMENT ALTERNATIVE (UODA) AND COLLEGE OF DEVELOPMENT ALTERNATIVE (CODA)

Program	Year	Semester	Insourcing & Outsourcing		Total no. of Students	% of insource of total students
			Insource	Outsource		
BBA	2004	Spring	95	529	624	12%
		Summer	54	480	534	
		Fall	42	385	427	
	2005	Spring	64	718	782	8%
		Summer	61	631	692	
		Fall	46	503	549	
CSE	2004	Spring	68	200	268	21%
		Summer	75	201	276	
		Fall	29	229	258	
	2005	Spring	76	239	315	20%
		Summer	25	251	276	
		Fall	57	171	198	
English	2004	Spring	15	50	65	18%
		Summer	11	56	67	
		Fall	09	56	64	
	2005	Spring	17	62	79	19%
		Summer	13	56	69	
		Fall	07	38	45	

#### Bangladesh University of Business & Technology (BUBT)

Bangladesh University of Business & Technology is situated in Mirpur area of Dhaka city. Owners of the university at first established its backward linkage Dhaka Commerce College and then university. Following table shows the number of students who admitted from college to university. Table also shows contribution of the backward linkage in different disciplines of the university from 2004 to 2005, which is ranged between 23.5% to 50% of total students, which is highest among the above universities. University got this portion of students with a minimum effort which is a strategic gain. This is the beginning scenario of the university. When university was established, their backward linkage college level BBA students were compelled to take admission at BBA program of this new university. But scenario was changed later when HSC passing students of the college started to come. Very few HSC passing students took admission to BUBT. Commerce students of Dhaka Commerce College are very meritorious; as a result at first they look for different reputed public universities, colleges and private universities. Those who do not get chance in the above institutions only they take admission here. As a result very few students come from insource.

TABLE 5: RESULT OF VERTICAL INTEGRATION OF BANGLADESH UNIVERSITY OF BUSINESS &amp; TECHNOLOGY (BUBT) AND COMMERCE COLLEGE

Program	Year	Transfer/ Intake	Insourcing & Outsourcing		Total no. of Students	% of insource of total students
			Insource	Outsource		
BBA	2004 to 2005	Transfer-1	21	6	27	50%
		1st Intake	15	13	28	
		2nd Intake	7	6	13	
		3rd Intake	21	15	36	
		4 <sup>th</sup> Intake	23	19	42	
		5 <sup>th</sup> Intake	9	13	22	
		6 <sup>th</sup> Intake	29	40	69	
		7 <sup>th</sup> Intake	12	21	33	
English	2004 to 2005	1 <sup>st</sup> Intake	4	10	14	23.5%
		2 <sup>nd</sup> Intake	0	3	3	
		3 <sup>rd</sup> Intake	2	7	9	
		4 <sup>th</sup> Intake	2	6	8	

#### VERTICAL INTEGRATION BETWEEN PRIVATE COLLEGES AND SCHOOLS

In Bangladesh there are huge numbers of public and private colleges. Out of which some are vertically integrated. Only five vertically integrated colleges were considered for this study. Following tables show the number of students who admitted from school to college. Tables also show contribution of the backward linkage in different groups of the colleges from 2001 to 2005, which is ranged between 27.18% to 65.26% of total students. Colleges got this portion of students with a minimum effort which is a strategic gain and which is enough to earn profit. Study found that students entrance rate from school to college is more than from college to university. Vertical integration at private university level is a new culture and yet people have some doubt about private universities. But in case of college it is old and established culture and people look at forward linkage of school positively. As a result colleges are getting huge number of students from backward linkage schools.

**TABLE 6: RESULTS OF VERTICAL INTEGRATION OF IDEAL COLLEGE AND SCHOOL, MOTIJHEEL**

Name of the degree	Year	Group	Insourcing & Outsourcing		Total no. of students	% of insource of total students
			Insource	Outsource		
H S C	2001	Sci, Arts & comm	308	225	533	57.79%
	2002	Sci, Arts & comm	380	284	664	57.23%
	2003	Sci, Arts & comm	417	319	736	56.66%
	2004	Sci, Arts & comm	521	354	875	59.54%
	2005	Sci, Arts & comm	532	380	912	58.33%

**TABLE 7: RESULTS OF VERTICAL INTEGRATION OF MOTIJHEEL MODEL HIGH COLLEGE AND COLLEGE**

Name of the degree	Year	Group	Insourcing & Outsourcing		Total no. of students	% of insource of total students
			Insource	Outsource		
H S C	2001	Sci, Arts & comm	128	343	471	27.18%
	2002	Sci, Arts & comm	121	311	432	28%
	2003	Sci, Arts & comm	132	337	469	28.14%
	2004	Sci, Arts & comm	156	379	535	29.16%
	2005	Sci, Arts & comm	177	418	595	29.75%

**TABLE 8: RESULTS OF VERTICAL INTEGRATION OF SHAHEED BIR UTTAM LT. ANWAR GIRLS' COLLEGE AND SCHOOL**

Name of the degree	Year	Group	Insourcing & Outsourcing		Total no. of students	% of insource of total students
			Insource	Outsource		
H S C	2001	Sci, Arts & comm	257	345	603	42.62%
	2002	Sci, Arts & comm	248	367	615	40.33%
	2003	Sci, Arts & comm	223	451	674	33.09%
	2004	Sci, Arts & comm	162	371	533	30.39%
	2005	Sci, Arts & comm	196	379	575	34.09%

**TABLE 9: RESULTS OF VERTICAL INTEGRATION OF RAJARBAG POLICELINE COLLEGE AND SCHOOL**

Name of the degree	Year	Group	Insourcing & Outsourcing		Total no. of students	% of insource of total students
			Insource	Outsource		
H S C	2001	Sci, Arts & comm	122	178	300	40.67%
	2002	Sci, Arts & comm	117	188	305	38.36%
	2003	Sci, Arts & comm	129	191	320	40.31%
	2004	Sci, Arts & comm	135	204	339	39.82%
	2005	Sci, Arts & comm	138	207	345	40%

**TABLE 10: RESULTS OF VERTICAL INTEGRATION OF SOS HERMANN GMEINER COLLEGE AND SCHOOL**

Name of the degree	Year	Group	Insourcing & Outsourcing		Total no. of students	% of insource of total students
			Insource	Outsource		
H S C	2002	Science	60	35	95	63.16%
	2003	Science	62	33	95	65.26%
	2004	Science	59	41	100	59%
	2005	Science	62	38	100	62%
	2006	Science	63	42	105	60%

### CONCLUDING REMARKS OF THE STUDY

It is found existence of vertical integration in different industries. Establishing forward or backward linkage integration companies can earn competitive advantages. As for example, in Bangladesh beximco textile and squire textile are vertically integrated and they are enjoying huge competitive advantages. RGM sector of Bangladesh has mainly two sub-sectors, i.e., woven and knit. Knit sector is improving significantly day by day because of its backward linkage or vertical integration. But woven sector is not that much good because of lack of backward linkage. This culture is now established in other sectors also and academic sector is not out of it but culture is not well established at every stage of academic sector. At college level study strong backward linkage is found and significant number of students is entering from school to college. But at private university level it is a new culture and insignificant number of students are going from college to university. Related institutions and bodies should take necessary steps to establish vertical integration strongly at this level. If it can be establishes that would be helpful for the education sector as well as for the related institutions of the country.

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## THE IMPACT OF MICRO CREDIT ON WOMEN EMPOWERMENT

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### ABSTRACT

*The micro-credit programs provide the credit facilities in empowering women in rural areas. The study focuses the way of increase the activities through micro credit in empowering poor women. For this purpose the problem is identified as "To what extent the micro credit programme influences in empowering poor women in rural areas". The prime objective of the research is to identify the impact of the micro-credit programme on women empowerment. For this purpose, the households who get loan facilities from micro finance institutions ie, Cooperative Rural Banks (CRBs), Thrift Credit Cooperative Societies (TCCSs), from Jaffna region are selected to meet the research objectives. The data has been gathered by using primary data. The fifteen women households who lived in Nallur, Kondavil, Jaffna, Kopay, sandilipay, Anaikoddai and Kurunagar were selected. The information has been collected from 95 respondents out of 105 households totally. The concept of micro credit is analysed by using the size of loan received, recovery of loan, and period of loan and the socio cultural empowerment and economic empowerment is used to analyze the empowerment. The results were tabulated by using of correlation and regression analysis. Finally, it is concluded there is a positive relationship between micro credit and economic empowerment than social empowerment. It is need to complement credit-delivery with training programmes regarding various types of skills training, leadership and other knowledge based activities. These noncredit aspects are an important component of the success of microcredit programs on women empowerment.*

### KEYWORDS

Cooperative Rural Banks (CRBs), economic empowerment, Micro credit, socio cultural empowerment, Thrift Credit Cooperative Societies (TCCSs) women empowerment.

### INTRODUCTION

Sri Lanka is at a critical juncture in its history. After almost 30 years, the internal armed conflict between the Government of Sri Lanka and the Liberation of Tigers in Tamil Ealam was militarily resolved in May 2009. Over a long period, the economy of Jaffna was largely a crisis economy with very substantial subsistence characteristics supported by coping mechanisms. None or hardly and import and export links were maintained to other parts of the island. This situation has changed now with the opening of the A9 which as reconnected Jaffna to the rest of the island. Wide scale violence that characterized the conflict has come to an end. There is no disputing that women in Sri Lanka have made tremendous progress in the social and economic spheres in the last five decades.

The Micro Finance Institutions (MFIs) help to the rural women to avoid the challenges faced them by the way of micro credit schemes. The micro-credit program was first initiated in 1976 with the promise of providing credit to poor people without collateral, alleviating poverty and unleashing human creativity and endeavour of poor people. (Chowdhury, M, (2008)) More than 65 million poor people have accessed microcredit schemes and about three quarters of them are women (Chowdhury, M, (2008)). The micro credit schemes provide loans and facilities to health nutrition, poverty alleviation, self-employment and rehabilitation etc. This study focused on women empowerment through micro credit in Jaffna region which is selected from rural areas of Nallur, Kondavil, Jaffna, Kopay and Kurunagar. The selected micro credit organizations are Cooperative Rural Banks (CRBs) and Thrift Credit Cooperative Society (TCCSs). Jaffna had the best cooperatives in Sri Lanka before the conflict, as well as strong banking system. Although continued access to finance was provided by local cooperatives during the conflict, many branches closed down. Commercial banks provided saving facilities, but credit access remained difficult, and was almost entirely provided by international donors and relief development agencies. After the end of war in May 2009, many commercial banks have opened their branches in Jaffna. Also, banks have started providing loan facilities to the people.

### REVIEW OF LITERATURE

After the nearly three decade war in the North and East which ended in 2009, Tsunami in 2004, two insurgencies in the South (1971 & 1988), other internal economic disturbances and global economic recessions/turbulence, Sri Lanka is now experiencing healthy and impressive economic growth rate. It is posed as an emerging economy in the Asian Region. The latest report of the Department of Census and Statistics (DCS) of Sri Lanka has revealed that the island nation has recorded in the second quarter of 2010 economic growth rate at 8.5 per cent, the highest ever quarterly GDP growth since 2002.

With the healthy economic growth rate in the country it needs to focus on whether it has helped in reduction of the poverty level. Economic growth helps not only in reduction/eradication of poverty but also in creating jobs, changing in consumption inequality, reducing inflation rate, increasing per income capita, reducing balance of payment, increasing foreign reserves etc.. Till recently (except for some short periods) Sri Lanka had slow economic growth rate and as a result the goal of poverty reduction was hindered. The Asian Development Bank (ADB) forecasted Sri Lanka's economy to grow by about 4 – 4.5% in 2010. The ADB is focusing its attention on the post war development in Sri Lanka for funding with special emphasis on the North and East. With the end of the war, Sri Lanka now faces a huge task of reconstruction and development of the north and east and the ADB expects to play an important role in infrastructure development in the north and is working on enhanced support to Sri Lanka.

### WOMEN EMPOWERMENT

Women empowerment means that the women would be able to increase their self-confidence on participating, planning and implementing the activities. In developed and most of the developing countries both men and women work together in the same positions in the organizations and they contribute politically, socially, economically without gender imbalance. Women empowerment is giving lawful power or authority to perform. Women's empowerment is defined as a process to enhance women's capacity for self-determination or agency to meet their practical and strategic needs, through which women achieve equal rights, power and resources with men in society and in the economy (Drolet, 2010).

### MICROCREDIT

Microcredit refers to very small loans for unsalaried borrowers with little or no security, provided by registered institutions. It is meant to help improve people's quality of life by lending them a small amount of money for a short period of time. In recent times Micro Finance has evolved as a major instrument to provide financial facilities. Microcredit is one of the important ingredients in empowering income of poor women. More than 65 million poor people have accessed microcredit schemes and about three quarters of them are women. (NycanderLotta, (2004))

Studies in Bangladesh have found that, microcredit schemes have had substantial, through the enhancement of women's position in decision-making on household expenditures and family planning. It has been found, among others, that women's mobility has improved dramatically, e.g. visits to health centres and NGO offices. [NycanderLotta, (2004)]. In recent years, governments and NGOs in many low income countries including Sri Lanka have introduced micro

credit program targeted to the poor. Many of these programs especially target women on the view that they are more likely than men to be credit constrained, have restricted access to the wage labour market, and have an inequitable share of power in household decision making (Pitt et al., 2006).

In Sri Lanka, since the beginning of the last century, Co-operatives, rural banks, state banks and the Central bank were involved in small credit distributions to farmers and others. However these were not identified as microfinance while replacing the traditional credit schemes that became a failure over the decades. The origin of the micro financing in Sri Lanka was the early 1900s. In 1911, the British Government authorized to set up Co-operatives in Sri Lanka. The village superiors and headmen dominated the cooperative societies up to 1942.

After the end of war in May 2009, many commercial banks have opened their branches in Jaffna and have started providing loan facilities to the people. But the supply of credit facilities is not sufficient to cater the needs of the people especially the rural poor. Gant et al (2004) claim that Jaffna had the lowest access to microfinance services in Sri Lanka, partly due to a lack of institutional capacity, the inefficiency of microfinance providers, the population's displacement, dependency on subsidies, as well as lack of skills among clients and staff. However, this contradicts with the more recent GTZ study on financial outreach (2007) which states that 91.3% of the district's population uses loans and/or savings, which is the 4th highest rate (along with Ratnapura) of all districts in Sri Lanka. 50% used loans and 78.8% maintained savings (GTZ, 2007).

Micro-credit, micro-finance and micro-enterprise are now seen as effective poverty alleviation mechanisms, especially for poor women. The 1997 Micro-Credit Summit Campaign aims to ensure that "100 million of the world's poorest families, especially the women of those families, receive credit for self-employment and other financial and business services by the year 2005." Many micro-credit schemes specifically target women as they have proven to be very good credit risks with high repayment ratios even with credit at market rates. Proponents argue that as well as increasing women's income, there are other benefits: Improvements in women's role in the household (i.e. through the provision of economic resources, a woman may gain a greater voice in expenditure decisions) Increased confidence for women gained not only through the economic success of their business but also through increased access to community services and collective action with other women. Changes at the community level in the perceptions of women's roles. Yet there is now evidence that questions an automatic relationship between participation in a micro-credit (or micro-enterprise) scheme and empowerment. Specific issues include: Concerns have been raised that given women's unequal position within the family, women's loans may be ultimately controlled by male family members. Despite increases in income, many participants report an increased overall workload, as there is no respite from their domestic responsibilities.

In 1996, the government replaced the *Janasaviya* programme with the *Samurधि* Development and Credit Scheme to promote income generating self-employment opportunities among the poor so as to raise their income levels, thereby making them self-reliant and self-supporting. In 1997, the government established the *Samurधि* Authority and its microfinance scheme. Under that scheme, the beneficiaries were eligible to obtain loans of up to Rs.10,000 for undertaking new income generating activities or expanding an existing business. As part of this movement, *Samurधि* Bank Societies (SBS) were set up throughout the country to promote savings and to disburse credit. The other major institutions and programmes that provide microfinance facilities include Regional Development Banks (RDBs), Self-Employment Promotion through Micro- Enterprise Credit (*Surathura* Scheme), Sarvodaya Economic Enterprise Development Services (SEEDS), *Gami Pubuduwa* Scheme, Thrift and Credit Co-operative Societies (TCCS) Credit Scheme – *SANASA*, *Janasakthi* Banking Societies (in Hambantota) and Women's Development Federation (in Hambantota). (Colombage, S, (2004))

## SIGNIFICANCE OF THE STUDY

In developing countries women work mainly in the informal sector and home based work. Globally, women earn 20-30 per cent less than men. Women have less access than men to investments in skills, knowledge and lifelong learning. The thirty years of war in the North East of Sri Lanka came to an end in May 2009. There were more than 300,000 Tamil civilians and combatants who were held in Internally Displaced Camp (IDPs) in the various geographical areas of the North East of Sri Lanka. In Jaffna, there are 29000 female-headed households out of the total of 100 000 women affected by war in the district of Jaffna. There were 2000 families in 15 camps in High Security Zones in Jaffna, families that used to be in the middle class bracket before the war. The women and children were affected in these areas. Jaffna region is selected to identify the microcredit element and how to help those programmes to poverty alleviation and income generation in empowering poor women. A distinct characteristic in Jaffna is that most microfinance clients were relatively well-off before the conflict but fell into poverty as a result of the war. In past, the cooperative department helped the people in the crisis situation and its role is important to rebuild the situation under the post war development. This study focuses to identify the degree of empowerment of women in rural areas and action to be taken in empowering poor women in those areas.

## STATEMENT OF THE PROBLEM

Sri Lanka has been ravaged by civil war for more than three decades now, and the devastating effects of war has particularly affected the women and children of the country. Women and children have been affected not only socially and economically, but also physically and psychologically. The international trafficking of women and children is one of the most serious and fastest growing problems today. Many organizations were established to take care of the immediate and long-term humanitarian and rehabilitation needs of the women and children affected by war. The Micro Finance Institutions provide micro credit facilities to women to manage their problem faced by them in post war. The impact of micro credit programmes on women empowerment which related to CRBs and TCCs in Jaffna region has not been highlighted in any previous research papers. This research paper identifies the opportunity on women empowerment in economically and socially, through the micro credit programmes of CRBs and TCCs and find out the ways how to empower them by solving the problems and challenges faced by them. These women need to be recognized to highlight their problems and needs; they need financial aid to be able to develop socially and economically; they need assistance for uplift their life. For this purpose research problem is identified as "To what extent micro credit programmes influences on women empowerment in rural areas".

## OBJECTIVES OF THE STUDY

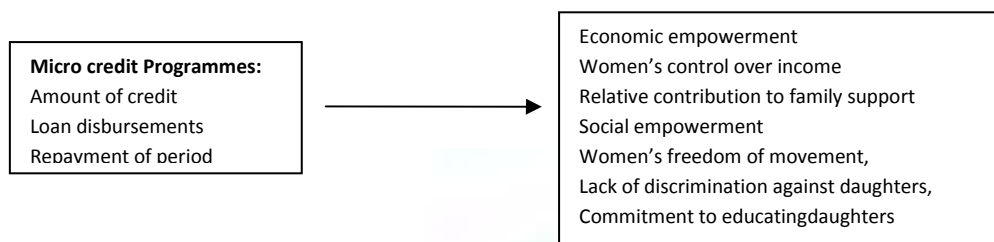
The objectives of this study focused the impact of micro credit on women empowerment in the rural areas in Jaffna. The prime objective of the research is to identify the role of the micro-credit programmes empowering poor women in Jaffna region. The other objectives of the research are as follows:

- To identify the degree of empowerment of rural women through micro credit Programmes supported by CRBs and TCCSs.
- To find out the relationship between women empowerment and the micro credit given to self-employment, health nutrition and poverty alleviation.
- To suggest the actions to be taken in empowering women in the rural areas.

**HYPOTHESIS**

The following conceptual model has been developed to show the relationship between micro credit and women empowerment.

**FIGURE 1: CONCEPTUAL MODEL**



From the above conceptual model micro credit is independent variable women empowerment is dependent variable and the following hypothesis is developed to find out the relationship as well.

- H<sub>1</sub> "Higher the level of micro credit positively correlated with economic empowerment."
- H<sub>2</sub> "Higher the level of micro credit positively correlated with social empowerment."
- H<sub>3</sub>: "Micro credit has strongly impact on women empowerment."

**RESEARCH METHODOLOGY**

Four-stage random sampling technique has been applied in selecting program households. In the first stage, seven regions had been randomly selected out of 13 regions in Jaffna. In the second stage of random sampling, three branches of CRBs and five branches of TCCSs had been selected randomly for data collection purpose. In the third stage, the women households who lived in Nallur, Kondavil, Jaffna, Kopay, sandilipay, Anaikodai and Kurunagar were selected. In the fourth and final stage, the study randomly selected 15 members from each of the branches. In total, the study has collected information from 95 respondents out of 105 households. Besides information on microcredit and empowerment, the survey collected detailed information on a variety of factors. For example, demographic information (age, sex, marital status, etc.) and socio-economic information (education, employment, food consumption, expenditure on health, etc.) were collected for all household members. Information relating to the size of loan received, recovery of loan, date of joining and other membership characteristics was provided by branch officials and matched to the data.

Primary and secondary data were used for the study. Primary data were collected from the questionnaire developed by the researcher and direct interview with the branch managers and field officers of TCCSs and secondary data were collected from the books, journal and other reports.

**RESULTS AND DISCUSSION**

From the data collected and analyzed with the help of Statistical Package for Social Sciences (SPSS) and it revealed the relationship between micro credit and women empowerment in the Jaffna region is as follows:

**TABLE 1: LEVEL OF MICRO CREDIT AND WOMEN EMPOWERMENT**

Variables	Micro credit	Economic empowerment	Social Empowerment	Women empowerment
Micro credit	1	0.417**	0.235	0.435**
Economic empowerment	0.417	1		
Social Empowerment	0.235		1	
Women empowerment	0.435**			1

\*\* Correlation significant at the 0.01 level

Correlation test was made to examine the relationship between variables and results are tabulated. Table 1 shows that there is a positive relationship between Micro credit and women empowerment at 0.01 significant level. From this result the hypothesis H<sub>1</sub> and H<sub>2</sub> of "Higher the level of micro credit positively correlated with economic empowerment" and "Higher the level of micro credit positively correlated with social empowerment" have been proved clearly and there is strong relationship between micro credit and economic empowerment than social empowerment..

**TABLE 2: REGRESSION ANALYSIS FOR MICRO CREDIT AND WOMEN EMPOWERMENT**

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	.435(a)	.189	.177	4.03785

a Predictors: (Constant), Micro credit

**TABLE 3: REGRESSION ANALYSIS FOR MICRO CREDIT AND ECONOMIC EMPOWERMENT**

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	.417(a)	.174	.157	4.0165

a Predictors: (Constant), Micro credit

**TABLE 4: REGRESSION ANALYSIS FOR MICRO CREDIT AND SOCIAL EMPOWERMENT**

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	.235(a)	.102	.93	2.03685

a Predictors: (Constant), Micro credit

Regression analysis was carried out to test the impact of micro credit on women empowerment. In this study Micro credit is the independent variable and women empowerment is the dependent variable. From these independent and dependent variables, the following relationship is formulated.

Women Empowerment (W) is dependent upon the Micro Credit (M). It is represented as follows:

$$W = f(M)$$

To test the impact of micro credit on Women empowerment, the following equations can be formulated.

$$W = \beta_0 + \beta_1 (M)$$

$$E = \beta_0 + \beta_1 (M)$$

$$S = \beta_0 + \beta_1 (M)$$

Where  $\beta_0$  and  $\beta_1$  are the regression coefficient

W = Women empowerment

E = Economic Women empowerment

S = Socio Cultural Women empowerment  
M = Micro credit

From the Table 2, 3 and 4 we can observe that the Women empowerment is influenced by micro credit by 19%, 17% and 10% in respectively and remaining 81%, 83% and 90% are determined by other factors such as Skill training, advising, monitoring, and other non-financial services etc.,

## SUGGESTIONS

1. Micro credit is essential for women and makes them with good living condition and income generators for sustainable economic development for Jaffna region. But most of the women are not aware about micro credit loan facilities. The awareness programmes should be organized from time to time and allowances should be paid them to ensure their regular attendance.
2. Most of the loans are given to self-employment purpose and these loans are utilized for other purposes such as poverty alleviation, education and health nutrition etc. Therefore the loan for poverty alleviation, education and health nutrition should be encouraged by TCCSs, and CRBs.
3. After providing the loans the officers in charge should communicate with people and observe their activities whether they are using their funds proper way or not.
4. CRBs are making actions only in saving deposits, pension payments but they should be encouraged to provide loan and actions should be taken to collect the loans partially. The cooperative department should take care of these CRBs.
5. The poor women are in the urban areas also. Therefore, the poor women in Urban areas also should be considered like women of rural areas and to be considered for providing loans and other facilities like rural women.
6. The education programme and vocational training programme should be provided to all rural women. This can be introduced in the schools in rural areas.
7. In the post war, most of the women and children are disabilities. Therefore more attention should be given to these people and self-employment facilities should be given to enhance their living conditions.
8. In the post war, when most of the donors give more attention the affected people in the war area, the CRBs and TCCSs encourage their activities by getting donation from these donors to help poor women.
9. While a health insurance scheme targeting government servants of both sexes (*Agrahara*) is now available, there is a need for a similar scheme which targets reproductive and other health needs particularly of informal sector and unemployed women.

## CONCLUSION

From the above discussion researcher can conclude that there is a positive relationship between micro credit and women empowerment. However, other factors such as training facilities, social awareness, advising regarding the usage of micro credit and other non-financial services, also have impact on women empowerment. The micro credit loan facilities for self-employment, health nutrition and poverty alleviation are not enough in empowering poor women in rural areas because the other factors have strong impact on that.

Most of the loans are not recovered by the CRBs than TCCSs because the people believe that the loans are the charity which is belongs to them and need not to be settled within the period. For this reason, the loan facilities have been blocked by CRBs until they recover the loans from people. Most of the loans provided from TCCSs not touse the same purpose for what they were issued.

Finally, it is concluded that there is need to complement credit-delivery with social awareness raising, building confidence and skill training among women. Women need advice about how to utilize public, private, natural and other resources and services. Microcredit, thus, is not sufficient in empowering the women, but it is of the very important ingredients with the noncredit aspects in that process.

## LIMITATIONS

In this study, there are realized certain significant obstacles. Those barriers are related with Collection of data, measuring the variables and accuracy. To give reliability and validity of the data some of the limitations are mentioned.

- Only the micro finance institutions CRBs, TCCSs, are considered to find out the microcredit programmes in the survey.
- The research sample is limited to 5 regions in the Jaffna area and two Micro credit organizations as CRBs and TCCSs.
- The data only collected from women households in the region.
- The micro credit programmes are only selected for self-employment, health nutrition and poverty alleviation.

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## THE MEDIATING EFFECT OF INTRINSIC MOTIVATION ON PERCEIVED INVESTMENT IN EMPLOYEE DEVELOPMENT AND WORK PERFORMANCE

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### ABSTRACT

*It is often recommended that in order for development programs to positively influence employee behavior, employee must experience positive reactions. The current study is to examine the effect of perceived investment in employee development (PIED) on employee outcomes in the form of work performance (WP). Furthermore the influence of intrinsic motivation (IM) as a mediating variable was also explored. Data were collected through self-administered questionnaire from 131 employees working at different position in private sector banks from twin city of Pakistan. Results from the survey showed that the relationship between perceived investment in employee development and work performance was mediated by intrinsic motivation. The important limitations of the study are the sample used, which is mainly from the banking sector and from Rawalpindi/Islamabad vicinity. The measurement used in the study is self reported questionnaire data. Consequently, experimental and longitudinal studies are needed to examine causality issues. The results have important managerial implications like in order to obtain positive employee outcomes, organizations should invest heavily in development programs. Furthermore managers should create an environment within the organization to enhance employees' intrinsic motivation and thus their work performance. This study contributes to the knowledge on employee development an area of research that is almost unexplored in Pakistan. Secondly this study aims to test the relationship which has never been explored before.*

### KEYWORDS

Perceived investments in employee development, intrinsic motivation, work performance.

### INTRODUCTION

A number of researchers have reported that human resource (HR) practices are positively linked with organizational and employee performance (Lee & Bruvold, 2003; Kuvaas, 2006a, Kuvaas & Dysvik, 2009a). The focuses of these studies have been towards the developed countries and little research have been done in developing countries like Pakistan (Irfan et al., 2009). The expansion of knowledge and networks raised the demand for trained and satisfied human resource to meet demands and needs of the management and customers as well. Considering the requirement for such a form of human resource management (HRM), it is obvious to develop such a pool that can be recognized as well trained and satisfied.

According to Lee and Bruvold (2003) investment made by firm in development activities contribute towards and creates the perception of employees about their organization willingness to support them. Investment in employee development and growth affect employee's behaviors and attitudes (Ichniowski et al., 1997; Snell & Dean, 1992; Youndt et al., 1996).

Service sector especially banks play an important role in the economic development of a country. Banks are mainly operates in the activities and transactions of mobilizing deposits through a network of branches, extending credit such as customer loan and car financing, overdraft, along with offering a wide range of financial services to its customers. According to Economic Survey of Pakistan (2009-10) in the period of July-April 2010, net credit availed by government for different purposes is Rs.286.4 billion out of which Rs.195.7 billion was taken from scheduled banks operating in Pakistan. During the last year in the same period the total credit was Rs.239.5 billion out of which Rs.134.2 was taken from scheduled banks.

### REVIEW OF LITERATURE

#### SOCIAL EXCHANGE THEORY

Social exchange theory is among the most powerful tools for understanding workplace behavior. One of the basic doctrines of social exchange theory is that relationships develop over time into trusting, loyal, and mutual commitments (Cropanzano and Mitchell, 2005). In order to do so, parties must obey certain rules of exchange. If a party provides a benefit, the receiving party should reply in kind (Gergen, 1969). Murstein et al., (1977) are of the opinion that individuals differ in the degree to which they endorse reciprocity.

#### PERCEIVED INVESTMENT IN EMPLOYEE DEVELOPMENT (PIED)

Employee development is a process where organization provides opportunities to employees for grow within an organization. This might influence key employee outcomes such as job satisfaction, commitment and intent to stay. Employee development is personal and professional growth of individuals in an organization. Development programs provide employees with skills, knowledge and abilities to prepare them for future jobs. Employee development is the integration of organizational opportunities and supervisor support to facilitate employee in achieving the desired outcomes (Costen et al., 2010).

A study by Blau et al. (2008), suggest that there should be a formal distinction between organizational development activities (ODA) and professional development activities (PDA). In ODA employees voluntarily participated in organizational development activities like seminars, workshop and courses. In PDA, the employees are allowed to make suggestions on current organizational development activities. They voluntarily participate in applying new profession relevant initiatives, such as education, workshop etc.

According to Lee and Bruvold (2003), motivating employees are the most critical challenge organizations are facing today.

For the purpose of this research it is defined as the investment made by the organization in different programs for the professional and personal growth of employees. It creates obligations and increase employee motivation to work hard to support organizational effectiveness. Employees are involved in such activities and feel that organization value their contribution and cares for their well being. They reciprocate and behave in a way of increased effort and commitment of employee towards organization (Lee and Bruvold, 2003).

#### **WORK PERFORMANCE (WP)**

Work performance is a broad concept and it can not be easily simplified. Performance can be defined as the actions and behaviors of employee that are related to organizational goals and that can be measured in term of individual's contributions to organization. It can be defined as the consequences of actions and also the completion of allocated tasks (Suliman, 2001). Literature suggests that work performance should address both individual performance and organizational performance. Work performance is the individual's actions or behavior that is important to accomplish an organization's goals (Honiball, 2008).

The definition of work performance includes both process and output. It can be described as the quality and quantity of human output that is necessary to meet work goals and the standards that are required to do a specific job. For the purpose of this research, work performance will be defined as the process through which an individual operates to achieve the goals of the organization as defined by Ivancevich and Matteson (1996).

#### **PERCEIVED INVESTMENT IN EMPLOYEE DEVELOPMENT (PIED) AND WORK PERFORMANCE (WP)**

According to Blumberg and Pringle (1982) work performance is the capacity to, willingness to and opportunity to perform meaning that employee performance is linked on skill and motivation to perform. When organizational inducement is offered in the form of training and developmental, employees become socially and financially motivated and in reaction they desire to spend effort to benefit the organization. According to Dysvik and Kuvaas (2008) this investment is a approach to informing, learning, training and development for employee improvement systematically at all levels namely; individual, team and organizational. Lee and Bruvold (2003) contribute demonstrate that organizational incentives in the shape of investments in training and development can stimulate obligations on employees' part as a reciprocator. They also proposed that these investments may generate a vibrant-dynamic relationship where employees may go "an extra yard" and call for research more important outcomes in role- performance and behavior (Lee and Bruvold, 2003).

#### **INTRINSIC MOTIVATION AS A MEDIATOR**

Despite being theories of intrinsic motivation and social exchange present but there work independently and little attention has been given to them to combine them. IM is the performance of employees, experiences, satisfaction and pleasure of activity undertaken by the employees to achieve organizational goals. According to Self Determination Theory, employee motivation can be increased by satisfying the three primary psychological needs and in turn employees perform well and results in increased outcomes. The need for self-sufficiency, proficiency and relatedness should be fulfilled for an employee to be motivated (Gagne & Deci, 2005).

Regarding relationship between IM and WP, modern research suggests that IM is a strong forecaster of WP (Kuvaas, 2006a, b). Secondly, employees perception about their organization's commitment for employee training and development may lead to affirmative feelings towards their employer and ultimately their long-term growth in the respective organization (Lee & Bruvold, 2003), which in due course shall satisfy the need for relatedness. Thirdly, with PIED greater control over one's own career will satisfy the need for autonomy because of new skill acquisition and updating the old ones

#### **NEED/IMPORTANCE OF THE STUDY**

The main principle of this work is to identify the relationships between perceived investment in employee development (PIED), and work performance in banking sector of Pakistan. In addition, the study also investigates the mediating relationships between the two sets of variables and which claims that the relationship between PIED and WP will be mediated by intrinsic work motivation (IM).

#### **STATEMENT OF THE PROBLEM**

It was observed that employees are less committed and low performers due to lack of training and development opportunities. It is to find that whether perceived investment in employee development plays the role of motivators for bank employee and affects their behavior/attitudes in the form of work performance.

#### **OBJECTIVES**

The objectives of this research are:

- a) To determine the relationship between PIED and employee outcomes in the form of work performance in banking sector of Pakistan.
- b) To determine the relationship between PIED and WP (WE, WQ) are mediated by IM.

#### **HYPOTHESES**

Researcher assumes that there is a possible positive relationship between the variables. Previous researches shown that perceived investment in employee development influence work performance (Kuvaas & Dysvik, 2009a, b; Buch et al., 2010; Kuvaas, 2008) Therefore, it could be hypothesized that:

**H1:** *Perceived investment in employee development will positively influence work effort.*

**H2:** *Perceived investment in employee development will positively influence work quality.*

One could argue that with employee perception of organizational investment increases intrinsic motivation. This argument has been supported by previous researches (Kuvaas & Dysvik, 2009a; Dysvik & Kuvaas, 2008). For the purpose of current study researcher assumes the same positive relationship between perceived investment in employee development and intrinsic motivation. Therefore, it could be hypothesized that:

**H3:** *Perceived investment in employee development will positively influence intrinsic motivation.*

Previous research (Kuvaas, 2009, 2006b) explored the positive relationship between intrinsic motivation and work performance. It was assumed that intrinsic motivation positively effect work performance and intrinsically motivated employees perform their tasks with effort and quality. Therefore, it could be hypothesized that:

**H4:** *Intrinsic motivation will positively influence work effort.*

**H5:** *Intrinsic motivation will positively influence work quality.*

The relationship between perceived investment in employee development and work performance will be mediated by intrinsic motivation. This argument was supported by Kuvaas and Dysvik (2009). Researcher believes that there is a mediated relationship between the performance appraisal satisfaction and work performance in current study. Intrinsic motivation mediates the relationship. It can be hypothesized that:

**H6:** *The relationship between perceived investment in employee development and work effort will be mediated by intrinsic motivation.*

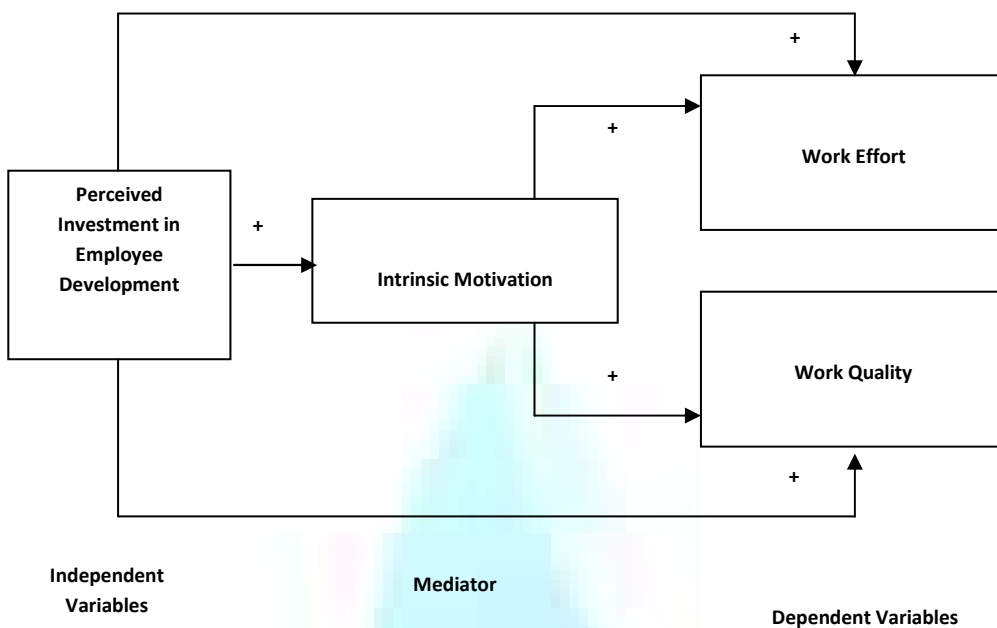
**H7:** *The relationship between perceived investment in employee development and work quality will be mediated by intrinsic motivation.*

#### **RESEARCH METHODOLOGY**

##### **THEORETICAL FRAMEWORK**

For the purpose of this study theoretical framework has been designed on the bases of models developed by Kuvaas (2006a) and Kuvaas and Dysvik (2009a, 2009b). It shows the logical relationship between the three types of observed variable i.e. dependent, independent and mediating variable. The schematic diagram below shows that there is one independent variable for the study i.e. PIED. The dependent variables are Work Effort and Work Quality.

FIGURE 1.1: THE EFFECT OF PIED ON WE AND WQ THROUGH IM



The model proposes that IM mediates the relationship between the variables while doing individual level analysis. It means that PIED have both direct and mediated affect on WE and WQ.

**MEDIATING ROLE OF INTRINSIC MOTIVATION**

Baron and Kenny (1986) model has been used for testing the mediating role intrinsic motivation. In the management literature this three steps model of Baron and Kenny (1986) is commonly used in research (Kuvaas, 2006a; Kuvaas, 2006b, Kuvaas & Dysvik, 2009a; Suliman, 2002). The correlation test (bivariate and partial) can also be used to test the mediating effect on different relationship as used by Suliman (2002). The bivariate and partial correlation has applied to study the mediating effect of IM on different relationship originated in current study.

Preacher and Hayes (2004) are of the opinion that when a variable fulfills the following criteria then it is considered as a Mediator. They outlined the three conditions of Barron and Kenny (1986) as follow:

1. X significantly predicts M i.e. (a ≠ 0 in Equation 1);
2. X significantly predicts Y i.e. (c ≠ 0 in Equation 2); and
3. M significantly predicts Y controlling for X i.e. (b ≠ 0 in Equation 3).

Step 1 provides path a. Step 2 provides path c known as the total effect of X on Y (see figure 3.2). Step 3 provides paths b and c'. Path c' is known as the direct effect of X on Y after the inclusion of M (see figure 3.3). The indirect effect of X on Y is defined as the product of X→M path (a) and the M→Y path (b), or ab. The indirect effect of X on Y is also equal to the difference of the total effect and the direct effect i.e. c - c'.

**PERFECT MEDIATION**

Perfect mediation is said to be occurred when the effect of X on Y with the inclusion of M decreases to zero and becomes insignificant (Preacher and Hayes, 2004). If the effect of X on Y is perfectly mediated by M then, ab = c.

**PARTIAL MEDIATION**

When the effect of X on Y with the inclusion of M is reduced in magnitude, but is still significant, partial mediation is said to be occurred (Preacher and Hayes, 2004; Suliman, 2002; Kuvaas, 2006a). If the effect of X on Y is partially mediated by M then, ab = (c - c'). The mediation analysis proposed by Baron and Kenny (1986) has a default assumption of some form of partial mediation (Shrout and Bolger, 2002).

According to Shrout and Bolger (2002) when the indirect effect ab equals the total effect c, we say the effect of X on Y is completely mediated by M or full mediation occurred. In this case the direct effect of X on Y with the inclusion of M is equal to zero i.e. c' = 0.

Preacher and Hayes (2004) are of the opinion that in most situations the indirect effect is smaller than the total effect so that the effect of X on Y is partially mediated by M. If the effect of X on Y is partially mediated by M then, ab = (c - c').

FIGURE 1.2: PATH MODEL SHOWING TOTAL EFFECT OF X ON Y

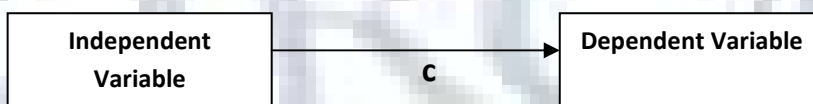
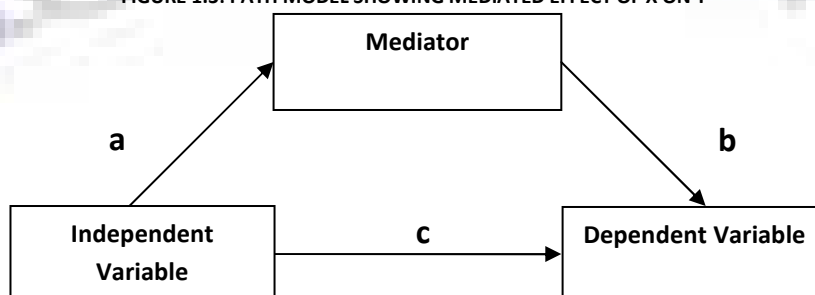


FIGURE 1.3: PATH MODEL SHOWING MEDIATED EFFECT OF X ON Y



**THE MODEL**

For the purpose of this research and on the basis of theoretical framework following models have been estimated:

1) The mediating variable (M) is regressed on the independent variable (X). This step is assessed by estimating the following equation:

$$M' = \alpha_1 + aX + e_1 \quad \text{Equation (1)}$$

(Where  $\alpha_1$  is the intercept coefficient and  $e_1$  is the error term)

2) The dependent variable (Y) is first regressed on the independent variable (X). This step is assessed by estimating the following equation:

$$Y' = \alpha_2 + cX + e_2 \quad \text{Equation (2)}$$

(Where  $\alpha_2$  is the intercept coefficient and  $e_2$  is the error term)

3) The dependent variable (Y) is simultaneously regressed on the independent variable (X) and the mediating variable (M). This step is assessed by estimating the following equation:

$$Y'' = \alpha_3 + c'X + bM + e_3 \quad \text{Equation (3)}$$

(Where  $\alpha_3$  is the intercept coefficient and  $e_3$  is the error term)

**DATA ANALYSIS / FINDINGS**

This chapter presents a detail of results obtained in the study of relationships between dependent and independent variables. It will also report the mediating effect of intrinsic motivation in different relationships. Using SPSS 16 for Windows the results obtained and hypothesis tested. All the results based on empirical analysis are presented in this section. Descriptive and quantitative analysis were performed to analyze the findings. Pearson Correlation is used to measure the degree of association between different variables. Regression Analysis is used to measure the relationship between the dependent and independent variables. Barron and Kenny's (1986) three step mediation process is applied to find the mediating effect of intrinsic motivation. In addition to their method Medgraph software also used to test the mediation using Sobel test.

The sample of the study consisted of 180 bank employees including branch manager and operatives (officer grade) of domestic private banks in Rawalpindi/Islamabad. A total of 180 questionnaires were distributed by the researcher. 142 questionnaires were returned, resulting in a response rate of 79%. Of the returned questionnaires, 131 were suitable for data analysis.

**DESCRIPTIVE STATISTICS OF THE VARIABLES**

Descriptive statistics in the form of minimum, maximum, arithmetic means, standard deviations and variance were computed for all the variables and for the dimensions of work performance. The results are presented as follows:

**TABLE 2.1: DESCRIPTIVE STATISTICS OF MAIN VARIABLES**

	N	Minimum	Maximum	Mean	Std. Deviation
PIED	131	1.00	5.00	3.86	0.679
IM	131	1.00	5.00	3.95	0.596
WE	131	1.00	5.00	4.02	0.508
WQ	131	1.00	5.00	4.03	0.668
Valid N	131				

The descriptive statistics of main variables shows the mean of PIED, IM, WE and WQ are 3.86, 3.95, 4.02 and 4.03 respectively. It shows that all variables are greater than the mid value of 3 in the scale. It is therefore concluded that on average employees perceive and undertake all variables accurately. They understand the statement and shown their level of agreement with it. Higher standard deviation in case of PIED and WQ shown that employees answer vary from mean because every employee perceive and understand theme differently due to some personal reason.

The mean value of work effort and work quality is 4.02 and 4.03 respectively. These values of two dimensions of work performance are greater than the mid value of 3 in the scale from 1 strongly dissatisfied to 5 strongly satisfied. It is therefore concluded that on average the employees are perform well with these dimensions of work performance. The greater value of standard deviation of work quality show larger variation from the mean. So it is revealed that employees are doing the routine work having less quality in their work.

**QUANTITATIVE ANALYSIS**

In this section the results obtained form the quantitative analysis to determine the relationship between independent and dependent variables. It also determines the mediating role of intrinsic motivation in different relationships. To verify different relationship following methods are used in this study;

**RELIABILITY ANALYSIS**

For the purpose to check the reliability Cronbach's Alpha was calculated for different scales used in the study. The overall reliability of the scale for 25 items was 0.89. Individual variables reliability coefficient are as under;

**TABLE 2.2: RELIABILITY COEFFICIENT CRONBACH'S ALPHA**

S. No.	Variables	Total Items	Alpha
1	Perceived investment in employee development	9	0.82
3	Intrinsic Motivation	6	0.81
4	Work Effort	5	0.75
5	Work Quality	5	0.84
6	Total	25	0.89

The internal consistency (Cronbach's Alpha) received on the 9 items of perceived investment in employee development in this study is 0.82. The alpha for mediator variable received is 0.81 having 6 items. The internal consistency (Cronbach's Alpha) received on the work effort is 0.75 and work quality is 0.84. All scales used in the study demonstrated satisfactory reliability estimates ranging form 0.75 to 0.84 (Appendix 'A' includes the wording of each item used in different scales).

**CORRELATION ANALYSIS**

Correlation is recognized as the connection or the association between variables. It measures the extent to which two variables are related. Higher value means stronger relationship between the variables. When the correlation is exactly 1 or -1, it is known as perfect relationship either positive or negative. When it becomes 0, its mean there is no relationship exists between the variables. Table 2.3 below presents the bivariate correlations among the variables being explored

**TABLE 2.3: BIVARIATE CORRELATION AMONG VARIABLES (N=131)**

	1	2	3	4
PIED	1			
IM	0.459**	1		
WE	0.424**	0.473**	1	
WQ	0.402**	0.407**	0.442**	1

Note. PIED=Perceived Investment in Employee Development; IM=Intrinsic Motivation; WE=Work Effort; WQ=Work Quality.

\*p < .05, \*\*p < .01

From the analysis it is noted that perceived investment in employee development is positively but moderately correlated to intrinsic motivation ( $r=0.459$ ,  $p<0.01$ ), work effort ( $r=0.424$ ,  $p<0.01$ ), work quality ( $r=0.402$ ,  $p<0.01$ ) Furthermore intrinsic motivation is positively and moderately correlated to work effort ( $r=0.473$ ,  $p<0.01$ ), work quality ( $r=0.407$ ,  $p<0.01$ ).

Results indicate that perceived investment in employee development is positively associated with work effort and work quality. This support H1 and H2, which states that work effort and work quality is positively influenced by perceived investment in employee development. These results are also supported by previous research (Lee & Bruvold, 2003; Kuvaas and Dysvik, 2009a).

Results also provide support to H3 which state that perceived investment in employee development is positively associated with intrinsic motivation. These are in line with the previous research findings (Kuvaas, 2006a; Dysvik & Kuvaas, 2008; Kuvaas and Dysvik, 2009a). Further, results show that intrinsic motivation positively influences work effort and work quality. This supports H4 and H5, which state that intrinsic motivation positively influence work effort and work quality respectively. These results are in line with previous research findings (Kuvaas, 2006a, 2006b, 2009; Kuvaas and Dysvik, 2010).

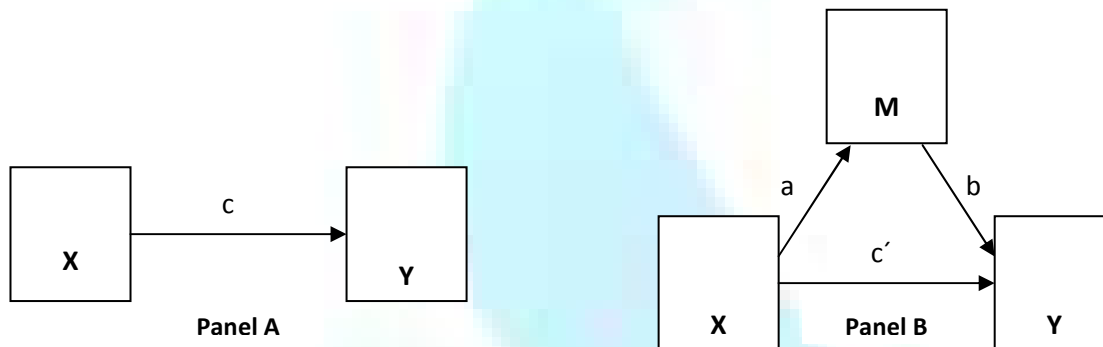
**REGRESSION ANALYSIS**

Baron and Kenny (1986) three steps model has applied for testing the mediation role intrinsic motivation. According to Preacher and Hayes (2004) variable (M) is considered a mediator if it fulfills the following three conditions:

1. X significantly predicts M i.e. ( $a \neq 0$  in Equation 1);
2. X significantly predicts Y i.e. ( $c \neq 0$  in Equation 2); and
3. M significantly predicts Y controlling for X i.e. ( $b \neq 0$  in Equation 3).

**FIGURE: 1.4**

**Panel A:** Illustration of Total Effect of X on Y  
**Panel B:** Illustration of Mediated Effect of X on Y



**TABLE 2.4: RESULTS OF THE MEDIATED REGRESSION APPROACH FOR IM (PIED - WE)**

No.	DV	IV	Beta	T	F	R <sup>2</sup>	Adjusted R <sup>2</sup>	Std. E. of Estimates
1	IM	PIED	0.459	5.87***	34.48***	0.211	0.205	0.532
2	WE	PIED	0.424	5.32***	28.35***	0.180	0.174	0.461
3	WE	PIED	0.263	3.11*	24.62***	0.278	0.267	0.435
		IM	0.352	4.16**				

Note: IM=Intrinsic Motivation; PIED=Perceived investment in employee development; AC=Affective Commitment

\* $p < .05$ , \*\* $p < .01$ , \*\*\* $p < .001$

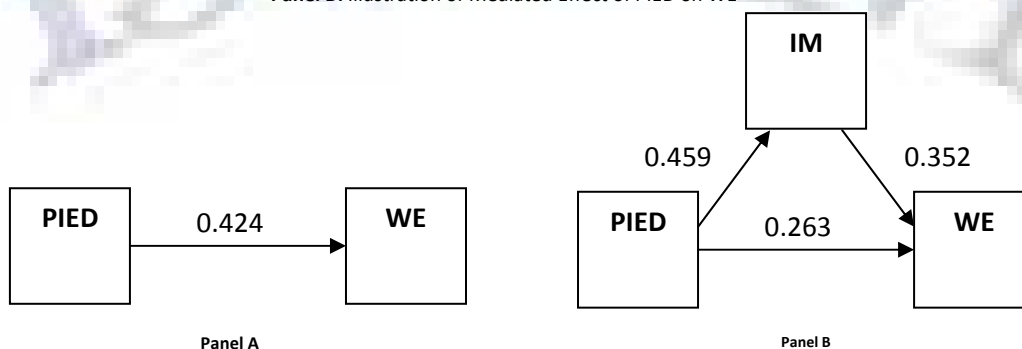
In first equation while analyzing the model summary, the value of adjusted  $R^2$  indicates that about 21% of the variance in IM can be explained by the PIED. The standard error of the estimate shows that the results have low built in error. ANOVA statistics ( $F=34.48$ ,  $p<0.001$ ) indicates that the overall model is statistically significant. The regression equation is statistically significant and helping to understand the relationship. The regression coefficient received on PIED is ( $\beta = 0.459$ ,  $p<0.001$ ), which is statistically significant and explains that PIED report 45.9% variations in IM.

In the second equation while analyzing the model summary, the value of adjusted  $R^2$  indicates that about 18% of the variance in WE can be explained by the PIED. The standard error of the estimate shows that the results have low built in error. ANOVA statistics ( $F=28.35$ ,  $p<0.001$ ) indicates that the overall model is statistically significant. The regression equation is statistically significant and helping to understand the relationship. The regression coefficient received on PIED is ( $\beta = 0.424$ ,  $p<0.001$ ), which is statistically significant and explains that PIED report 42.4% variations in WE.

In the third equation, while analyzing the model summary, the value of adjusted  $R^2$  indicates that about 26.7% of the variance in WE can be explained by PIED and IM. The standard error of the estimate shows that the results have low built in error. ANOVA statistics ( $F=24.62$ ,  $p<0.001$ ) indicates that the overall model is statistically significant. The regression equation is statistically significant and helping to understand the relationship. The regression coefficient received on PIED is ( $\beta = 0.263$ ,  $p<0.05$ ), which is statistically significant and explains that PIED report 26.3% variations in WE. The regression coefficient received on IM is ( $\beta = 0.352$ ,  $p<0.01$ ), which is statistically significant and explains that IM report 35.2% variations in WE.

**FIGURE 1.5**

**Panel A:** Illustration of Total Effect of PIED on WE  
**Panel B:** Illustration of Mediated Effect of PIED on WE



**RESULTS OF THE MEDIATED REGRESSION APPROACH FOR IM (PIED-WE)**

The beta value of PIED in the first step is ( $\beta = 0.459$ ). The beta value of PIED in the second step is ( $\beta = 0.424$ ) (the total effect). The inclusion of IM in the third step has reduced this beta value to ( $\beta = 0.218$ ) (the direct effect). The indirect effect is equal to the difference of the total effect and the direct effect i.e. 0.161. The indirect effect is also equal to the product of path 'a' and path 'b' i.e.  $0.459 \times 0.352 = 0.161$ . Since the total effect is greater than the direct effect therefore it can be said that IM is partially mediating the relationship between PIED and WE. This support H6 which states that IM mediates the relationship between PIED and WP. Sobel test value ( $Z=3.39, p<.001$ ) also support the finding and graphically proved that this relationship is partially mediated by intrinsic motivation by reporting the direct relationship equals to 0.263 and indirect 0.161.

**TABLE 2.5: RESULTS OF THE MEDIATED REGRESSION APPROACH FOR IM (PIED - WQ)**

No.	DV	IV	Beta	T	F	R <sup>2</sup>	Adjusted R <sup>2</sup>	Std. E. of Estimates
1	IM	PIED	0.459	5.87***	34.48***	0.211	0.205	.0532
2	WQ	PIED	0.402	4.99***	24.86***	0.162	0.155	0.614
3	WQ	PIED IM	0.272 0.283	3.11** 3.22**	18.51***	0.224	0.242	0.593

Note: IM=Intrinsic Motivation; PAS =Performance appraisal satisfaction; WP=Work performance

\*p < .05, \*\*p < .01, \*\*\*p<.001

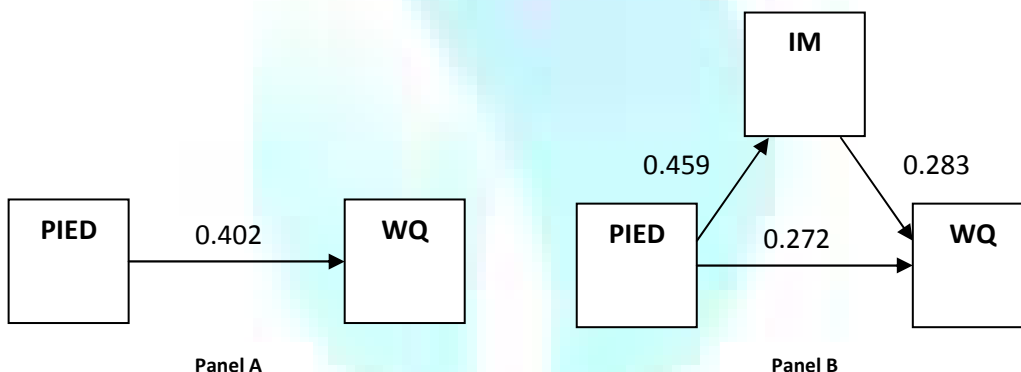
In first equation while analyzing the model summary, the value of adjusted R<sup>2</sup> indicates that about 21% of the variance in IM can be explained by the PIED. The standard error of the estimate shows that the results have low built in error. ANOVA statistics ( $F=34.48, p<0.001$ ) indicates that the overall model is statistically significant. The regression equation is statistically significant and helping to understand the relationship. The regression coefficient received on PIED is ( $\beta = 0.459, p<0.001$ ), which is statistically significant and explains that PIED report 45.9% variations in IM.

In the second equation while analyzing the model summary, the value of adjusted R<sup>2</sup> indicates that about 16% of the variance in WQ can be explained by the PIED. The standard error of the estimate shows that the results have low built in error. ANOVA statistics ( $F=34.48, p<0.001$ ) indicates that the overall model is statistically significant. The regression equation is statistically significant and helping to understand the relationship. The regression coefficient received on PIED is ( $\beta = 0.402, p<0.001$ ), which is statistically significant and explains that PIED report 40.2% variations in WE.

In the third equation, while analyzing the model summary, the value of adjusted R<sup>2</sup> indicates that about 22.4% of the variance in WQ can be explained by PIED and IM. The standard error of the estimate shows that the results have low built in error. ANOVA statistics ( $F=18.51, p<0.001$ ) indicates that the overall model is statistically significant. The regression equation is statistically significant and helping to understand the relationship. The regression coefficient received on PIED is ( $\beta = 0.272, p<0.01$ ), which is statistically significant and explains that PIED report 27.2% variations in WQ. The regression coefficient received on IM is ( $\beta = 0.283, p<0.01$ ), which is statistically significant and explains that IM report 28.3% variations in WQ.

**FIGURE 1.6**

Panel A: Illustration of Total Effect of PIED on WQ  
Panel B: Illustration of Mediated Effect of PIED on WQ



**RESULTS OF THE MEDIATED REGRESSION APPROACH FOR IM (PAS-WP)**

The beta value of PIED in the first step is ( $\beta = 0.459$ ). The beta value of PIED in the second step is ( $\beta = 0.402$ ) (the total effect). The inclusion of IM in the third step has reduced this beta value to ( $\beta = 0.272$ ) (the direct effect). The indirect effect is equal to the difference of the total effect and the direct effect i.e. 0.130. The indirect effect is also equal to the product of path 'a' and path 'b' i.e.  $0.459 \times 0.283 = 0.130$ . Since the total effect is greater than the direct effect therefore it can be said that IM is partially mediating the relationship between PIED and WQ. This support H& which states that IM mediates the relationship between PIED and WQ. Sobel test value ( $Z=2.82, p<.01$ ) also support the finding and graphically proved that this relationship is partially mediated by intrinsic motivation by reporting the direct relationship equals to 0.272 and indirect 0.130.

**RESULTS**

Results indicate that employees in the studied banks observe high levels of investment in employee development (Mean=3.86). Results verify that respondents experience high levels of intrinsic motivation (Mean = 3.95). In addition, employees also perceive high level of work effort (Mean = 4.02) and work quality (Mean = 4.03) as a source of work performance. All scales used in the study demonstrated satisfactory reliability estimates, ranging from 0.75 to 0.84 (Appendix 'A' includes the wording of each item used in different scales).

There is positive relationship between PIED and WE ( $r = 0.424, p<0.01$ ) provides support to H1. A positive relationship was also found between PIED and WQ ( $r = 0.402, p<0.01$ ) supporting H2. The relationship between PIED and IM is also positive ( $r = 0.459, p<0.01$ ) which supports H3. In addition it was also found that IM has positive influence on WE ( $r=0.473, p< 0.01$ ) and WQ ( $r = 0.407, p<0.01$ ) provides supports to H4 and H5.

According to the criterion need to satisfy in order decide about the mediating effect. The first step in the regression is used to test the existence of relationship between independent variables and mediating variable. The first criterion is met for the PIED ( $\beta =0.459, p<0.001$ ). The second step of the regression models in the tables is used to test the direct relationships between independent and dependent variables before the mediator is entered. The second condition is met for both dependent variables. The third criterion that the relationship between independent and dependent variables with the inclusion of mediator is either disappear or become insignificant is met for work effort and work quality. Intrinsic motivation partially mediates the relationship thus it support H6 and H7.

## DISCUSSION & CONCLUSIONS

The objective of this study was to explore the alternative relationship between PIED and employee outcomes in the form of WE and WQ. Among the key findings independent variable PIED directly effect on both dependent variables WE and WQ. The relationship between independent variable (PIED) is partially mediated by IM. Previous researches support the findings (Levy & Williams, 2004; Kuvaas, 2006a; Kuvaas and Dysvik, 2009a).

This study provides additional support to the opinion that PIED may increase the intrinsic motivation, work effort and work quality among bank employees. This study also highlights that employee must experience constructive development programs. Most important contribution of present study is the examination of IM as a mediator. First employee must experience positive development program because it increases their motivation which ultimately results in improved work effort and work quality. It was found that IM is a relatively strong predictor of Work Effort and Work Quality.

The results that PIED as a sources of IM positively influence WE and WQ, suggest that employee who perceive high level of PIED will be more motivated toward their job and put efforts and quality in wok. This would have positive consequences for both employee and organizations as well. It indicates that those employees who observe high levels of PIED will be more willing to perform well and exhibit quality. Those employees who perceive low level of development opportunities are low performers in terms of effort and quality. The results that intrinsic motivation positively influences work effort and work quality indicates that employees who are highly motivated will be more willing to remain in the present job.

Workload of employees can also be reduced by streamlining or removing insignificant aspects of their job so that they can allow more time to critical tasks. Providing training on time management and stress management can also be beneficial in for promoting commitment and improve performance. It is very important to improve intrinsic motivation among employee since PIED directly and indirectly influence WE and WQ through IM. IM can also be enhanced by providing better operating conditions and trainings to them. This can be done by removing unnecessary rules and procedures that deal in regulating the branches so that employees can execute their duties swiftly with more autonomy and freedom. Bank should realize the importance of training and development along with other HR practices. There is a need to develop such strategies that will uplift the motivation of employee to perform their duties aligned with organizational objectives.

## SCOPE FOR FURTHER RESEARCH

The present study proposes that bank authorities should provide their employees with more development opportunities. There is need for development of such strategies which promote motivation among employees. Employee's issues must be resolved on priority basis and their demand must be satisfied. Along with the limitations in current study following are suggested for future research.

First, a study on the effect of PIED on employee outcomes in the form of WP among the employee of public sector banks would be worthwhile. Second, a comparative study would be a better option for understanding the differences in the perception of same concepts by the employees of public and private sector banks in Pakistan. Third, a study of the impact of demographic variables on the perceptions of different sources of WE and WQ would be worthwhile. Fourth, the study of same variables and relationships on other sectors of the economy would be better. This will be helpful in generalizing the results other than banking sector. Fifth, along with self reported questionnaire, interview, on the job performance and inclusion of supervisor ratings would be of interest. Sixth, experimental and longitudinal study can also be used to observe the relationships between the variable studied in current study. Experimental study can also be useful to differentiate between the purposes of PIED like developmental and evaluative. Finally, a need arises to fill the gap in current study by including different dimensions of the studied variables, changing antecedents and consequences would be of interest and worth. Other statistical tools like Structural Equation Modeling in studying these types of relationships would be of interest and value.

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APPENDIX/ANNEXURE

QUESTIONNAIRE

Study on the “The Mediating Effect of Intrinsic Motivation on Perceived Investment in Employee Development and Work Performance” A study conducted in Islamabad, Pakistan.

**Section A: Perceived Investment in Employee Development**

The following set of statements describes your general perception towards the investment in employee development programs of your current organization. For each statement, please indicate to which extent you feel it is agreeable or disagreeable. Please **Encircle or Tick (✓)** one answer. There is no right or wrong answer.

This concept of perceived investment in employee development was measured using the Lee and Bruvold (2003) scale.

No	Description	Strongly Disagree	Disagree	Neutral	Agree	Strongly Agree
1	My organization trains employees on skills that prepare them for future jobs and career development.	1	2	3	4	5
2	My organization provides career counseling and planning assistance to employees.	1	2	3	4	5
3	My organization allows employees to have the time to learn new skills that prepare them for future jobs.	1	2	3	4	5
4	My organization provides support when employees decide to obtain ongoing training.	1	2	3	4	5
5	My organization is receptive to employees request for lateral transfers (transfer to another department).	1	2	3	4	5
6	My organization ensures that employees can expect confidentiality when consulting staff.	1	2	3	4	5
7	My organization provides employees with information on the availability of job openings inside the organization.	1	2	3	4	5
8	My organization is fully supportive of a career-management program for the employees.	1	2	3	4	5
9	My organization provides a systematic program that regularly assessed employee skills and interests.	1	2	3	4	5

**Section B: Intrinsic Motivation**

The following set of statements describes your motivational feelings towards your current job. For each statement, please indicate to which extent you feel it is agreeable or disagreeable. Please **Encircle or Tick (✓)** one answer. There is no right or wrong answer.

Cameron and Pierce (1994) scale was used to measure intrinsic motivation.

No	Description	Strongly Disagree	Disagree	Neutral	Agree	Strongly Agree
1	The tasks I do at work are enjoyable.	1	2	3	4	5
2	My job is so interesting that it is a motivation in itself.	1	2	3	4	5
3	The tasks that I do at work are themselves representing a driving power in my job.	1	2	3	4	5
4	My job is meaningful.	1	2	3	4	5
5	I feel lucky being paid for a job I like this much.	1	2	3	4	5
6	The job is like a hobby to me.	1	2	3	4	5

**Section C: Work Performance**

The following set of statements describes your ability to perform your job in your organization. For each statement, please indicate to which extent you feel it is agreeable or disagreeable. Please **Encircle or Tick (✓)** one answer. There is no right or wrong answer.

The scale was developed by Kuvaas and Dysvik (2009a)

No	Description	Strongly Disagree	Disagree	Neutral	Agree	Strongly Agree
<b>Work Effort</b>						
1	I try to work as hard as possible.	1	2	3	4	5
2	I intentionally expend a great deal of effort in carrying out my job.	1	2	3	4	5
3	I often expend extra effort in carrying out my job.	1	2	3	4	5
4	I almost always expend more than an acceptable level of effort.	1	2	3	4	5
5	I usually don't hesitate to put in extra effort when it is needed.	1	2	3	4	5
<b>Work Quality</b>						
1	The quality of my work is usually high.	1	2	3	4	5
2	The quality of my work is top-notch (superior).	1	2	3	4	5
3	I deliver higher quality than what can be expected from someone with the type of job I have.	1	2	3	4	5
4	I rarely complete a task before I know that the quality meets high standards.	1	2	3	4	5
5	Others in my organization look at my work as typical high quality work.	1	2	3	4	5

## THE IMPACT OF IMPLEMENTATION OF KNOWLEDGE MANAGEMENT ON THE FINANCIAL PERFORMANCE OF COMPANIES

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### ABSTRACT

*Today knowledge is counted as the most important assets of organizations. Therefore knowledge management is the challenge of discovering individual knowing and turning it as a piece of information so that it can be saved on a data base, to share it with others and to apply it to daily works. The purpose of this study is to examine the impact of implementation of knowledge management on the financial performance of accepted companies in Tehran Stock Exchange during 2005-2009. Research method is applied in terms of objectives and is causal-descriptive in terms of its type and hypothesis testing procedure is conducted using a single-variant regression model. Accounting and economic criteria are employed in order to examine the performance of companies. The results indicate that there is a linear significant relationship between knowledge management and companies' performance and also implementation of knowledge management affects companies' performance.*

### KEYWORDS

Accounting Criteria, Economic Criteria, Financial Performance, Knowledge Management.

### INTRODUCTION

In the contemporary complicated and accelerating environment, some of the researchers have tried to discover and identify the core competency and the major source of dynamism in organizations. Some of the studies show that the individual and organizational knowledge (knowledge assets) are the most vital and determinant factors of competency in today's competitive and unstable environment. The awareness of organizations' managers of the value of intellectual capitals has directed their minds to the ways as to exploit such potentials and efficient capabilities, where Nonaka et al., (2001) have stated that the organizational knowledge is the major source of achieving sustainable competitive advantage. Although knowledge and learning are the basics of organizational development and competitive advantage in the organization, organizational knowledge and learning can lead to sustainable competitive advantage when they are developed through the interactions of the individuals in workgroups. The organizations' inclination towards group making and designing structures based on group work is one of the approaches that, in addition to increasing the cooperation, flexibility and customers' satisfaction, can overcome the barriers in creating and transferring knowledge through facilitation and enhancement of the knowledge management process, and help the organization in the dynamic and complex competitive environment.

From the standpoint of Grant (1996, 2001), the new intellectual paradigm in designing the organization can be assumed as a way for achieving implicit knowledge of the organization's members, and as a way for setting up the proper conditions for organizational knowledge management as well. In order to convert the individuals' knowledge to organizational knowledge, organizing the institute with respect to employing workgroups is not adequate, because the official structures of the institute will not be sufficient for the development, implementation and dissemination of the organizational knowledge. Indeed, this happens through the appropriate specific characteristics which a workgroup should benefit from (Zarraga and Perez, 2006).

The other hand, one of the issues communities and organizations have had to face with is the advent of new phenomena and changes. Their occurrences exert remarkable impact on the performance of the communities and organizations. More importantly, appropriate response and paying attention to them or not play a major role in their success or failure (Jasimuddin, 2008). Changes is a constant and vital variable in all human attempts and experiences (Omekwu and Eteng, 2006). Successful organizations are those that are always a step ahead of these changes. Nowadays those organizations which have intangible capitals on their agenda and knowledge on its top will succeed. Such organizations need a new style of management which is referred to as "knowledge management". It is not a new concept in the history of human growth (Lundvall and Nielsen, 2007). The most important goal of its application in different institutes is to adapt quickly to the changes of the environment in order to improve efficiency and profitability (Plessis, 2007). Therefore knowledge management refers to the process of creation, dissipation and application of knowledge; in other words, the ultimate objective of knowledge management is to share knowledge among staff to improve its added value in an organization (Brachos et al., 2007). It is a structured approach to identification, evaluation, arrangement and saving and help apply knowledge to meet needs and achieve organizational goals (Davenport and Marchand, 1999). Changes are so quick that in near future we will observe organizations basically different from our expectations of a typical one.

Growth of modern technologies particularly IT, business investment in IT sector, internet growth and its widespread use, change in citizens' expectations and businesses, globalization and pressures from competition has made knowledge and its management a basic requirement for the success of present-day organizations and communities. Reliance upon tangible assets like physical capitals no longer yield result and nowadays the organizations that have intangible capitals on their agenda and knowledge on its top will succeed (Maqsood and Finegan, 2009).

To achieve organizational goals through optimum use of knowledge and or capabilities of an organization to apply individual knowledge and experience and collective knowledge to actualize goals through processes like knowledge production, knowledge share and its use by technology. It is the secret of success in organizations 21<sup>st</sup> century (Berkes, 2009). To succeed each organization tries to use the set of the knowledge before every individual staff and has been stored in their mind; otherwise, it should be expected to see failure in organizations or to pay high costs stemming from repetition of some decision-making processes and inappropriate use of practical experiences and decisions

### LITERATURE REVIEW AND THEORETICAL BACKGROUND

#### KNOWLEDGE MANAGEMENT

In order to understand and define the knowledge management, it is firstly necessary to clarify the concept of knowledge and its classification.

**THE CONCEPT OF KNOWLEDGE**

Knowledge is neither data nor information. Though it relates to both of them, their difference is not necessarily substantial and they merely differ from each other in ranking. Some of the definitions of knowledge are as follows:

Knowledge is a fluid combination of the existing experiences, values, information and organized expert views that provide a framework for evaluation of and using new experiences and information (Amanati, 2002).

Knowledge is a series of views, experiences and stages which are put together appropriately. Therefore, it is a proper guide for thoughts, behaviors and communications (Afrazeh, 2005).

**KNOWLEDGE CLASSIFICATION**

Knowledge is divided into implicit and explicit knowledge. This knowledge is basically obtained through experience and practical learning. This knowledge is the unwritten knowledge of the organization which shows the employees' experience and skill. At the opposite side of implicit knowledge is explicit knowledge, which can be codified and stated orally. There are numerous reasons why the majority of the organizational knowledge should be of explicit kind, some of which include:

The organization will not sustain damages when the employees leave the organization and take their personal knowledge with them. The knowledge possessed by the organization can be disseminated and employed by numerous employees, even by those who are in distant locations.

Knowledge may be gathered for the purpose of decision-making centralization.

Downport et al., (1998) define knowledge as "the information which is combined with experience, circumstances, interpretation and reaction". Data articulates information which can be rendered into knowledge through the analysis of the assessment history of results, comparison and addition of other supplementary factors.

In spite of the above mentioned notions, when an organization is immune from employees who take their knowledge with themselves when they leave the organization, it can still be vulnerable due to the simple relationships with competitors who can identify and copy the explicit knowledge (Hall and Andriani, 2002).

**KNOWLEDGE MANAGEMENT**

There are so many definitions provided for knowledge management most of which refer to knowledge acquisition, maintenance, dissemination and its implementation as the basic concepts of knowledge management (Bennet and Gabriel, 1999).

Marketing requires customers knowledge and information about customers' preferences, competitors, products, distribution channels, service providers, laws and regulations and management general performance; finding a way to create, identify, discover, disseminate, and transfer the organizational knowledge to individuals who need it (Afqahi, 2003).

An organizational problem for which the knowledge management is designed for; a knowledge that is acquired through experience and is not reused due to the fact that it is not officially shared.

Success factors of creating knowledge include knowledge validity assessment, the degree of problem solving, acceptance within the organization, and preparedness as to using and exploiting it, and should indicate the new opportunities, expenses required for exploitation and potential value. Concepts about basic knowledge management processes provided by Marshal and Nonaka have been combined and integrated within an integrated framework, which act together with the four key processes of knowledge management and subordinate functions (Johansen, 2000).

**RESEARCH HYPOTHESES**

H<sub>1</sub> There is a significant relationship between knowledge management and accounting indices.

H<sub>2</sub> There is a significant relationship between knowledge management and economic indices.

Economic and accounting criteria are used in order to evaluate companies' performance.

**ACCOUNTING CRITERIA**

In accounting criteria, the company's performance is examined using accounting data. In addition to information of basic financial statements and accompanied notes, market information is employed to measure the performance. The criteria remove the flaws of previous measures in addition to maintaining their advantages. Given that market information is used, criteria are somehow more relevant and have better correlation, yet less reliable and because market information is always changing, the criteria are partially instable. These criteria are superior to historical information measuring the performance of company more accurately. The accounting criteria in measuring company's performance are:

Earnings, earnings growth rate, free cash flows, earnings per share, and financial ratios including: return rate of assets, return rate of investments, rate of return on equity, price to earnings ratio, market value to book value ratio of share, and Tobin Q ratio.

**ECONOMIC CRITERIA**

In economic criteria, the performance of company is examined based on the power to gain present assets and potential capital profit and considering return rate and cost rate of the capital. Economic criteria try to transform accounting information into economic information with some modifications to make them the basis of evaluating companies' performance. They evaluate performance of the company based on the power to gain present assets and potential capital profit and considering return rate and cost rate of the capital. Economic criteria of companies' performance evaluation include market value-added, economic value-added, and reformed economic value-added.

**RESEARCH VARIABLES**

Independent and dependent variables of the study are respectively knowledge management and variables depending on financial performance of the company including earnings, earnings growth rate, free cash flows, earnings per share, return rate of assets, return rate of investments, return rate of equity, price to earnings ratio, market value to book value ratio of share, Tobin Q ratio, market value-added, economic value-added, and reformed economic value-added.

Knowledge management: is the attempt for discovering assets hidden in individual's mind and converting the implicit treasure to organizational asset so that the wide range of individuals involved in decision-making can make use of them (Danport, 1988).

Earnings: accounting earnings is incomes minus costs

Growth rate of earnings: is the product of investment rate to return rate

Dividend earnings: is an amount of company's earnings annually divided based on decision of assembly.

Free cash flows: are calculated by the difference between net operational earnings after taxes and net investment in operational assets.

FCF=NOPAT-I

Earnings per share: net earnings after taxes divided by the number of company's shares.

Return rate of the assets: is one of the financial ratios gained through dividing net earnings plus return cost by total assets.

Return rate of investment: this is an accounting criterion calculated through dividing operational earnings by investment and includes all profitability elements (income, cost and investment).

Return rate of stockholders' equity: one of the financial ratios determined through dividing earnings after taxed by stockholders' equity.

Price to earnings ratio: conventional tool in analyzing companies, industries and market status gained through dividing market price per share by the earnings per share of the same share.

Market value to book value ratio of share: it is calculated through dividing market value per share by the book value per share of the same share. Book value per share shows historical values. On the other hand, market value per share reflects future cash flows which company will gain.

Tobin Q ratio: is among companies' performance evaluation tools gained through dividing company's market value by its book value or assets replacement value of the company.

Market value-added: the difference between market value of company's stock and the amount of capital provided by the stockholders.

MVA= MARKET VALUE OF SHARES - SHAREHOLDERS' EQUITY

Economic value-added: indicates earnings remained after capital costs, whereas accounting earnings are determined without considering capital costs.

Reformed economic value-added: as stated before, EVA is calculated as follow:

$EVA = (r - c) * \text{capital}$

In this formula, net book value of assets is used for determining capital cost. If net daily value of assets is used instead of their net book value, the outcome will show reformed economic value-added or REVA. In the formula, *capital* stands for book value of assets, *r* return rate and *C* capital cost employed by the company gained from WACC or Weighted Average of Capital Cost. To better understand stockholders' wealth changes, capital cost and company's assets must be used based on market values. Accordingly, a modified form of EVA is gained as REVA calculated as follow:

$EVA = (r - c) * M \text{ capital}$

Where *M capital* stands for market value of company's assets determined as follow:

$M \text{ capital} = \text{ordinary stock and premium stock market value} + \text{book value of liabilities} - \text{non-return current liabilities}$

**RESEARCH METHOD**

The present study is an applied research in terms of objectives and is a correlation study in terms of its type. Data gathering method is conducted as follows: Data gathering comprises two library and field techniques so that data required for literature review and background of the study was gathered using library technique as well as financial information of accepted companies in Tehran Stock Exchange and respective databases were gathered using field technique.

**STATISTICAL POPULATION**

The statistical population of this study includes accepted companies in Tehran Stock Exchange and those having the features below:

- Not being among investment or financial brokering companies
  - Their fiscal year must end by March.
  - Not performed downside during the years under study
  - Entered Stock Exchange before 2005
  - Their fiscal year was not changed during the span of the study
  - Not exited Stock Exchange during the span of the study
- Span of the study is 5 years from the beginning 2005 to the end of 2009.

**RESULTS**

**DATA ANALYSIS**

Initially, we use descriptive statistics for hypothesis testing. Table 1 represents a description of independent variable (knowledge management) and 14 dependent variables of the study including earnings, earnings growth rate, free cash flows, earnings per share, return rate of assets, return rate of investments, return rate of equity, price to earnings ratio, market value to book value ratio of share, Tobin Q ratio, market value-added, economic value-added, and reformed economic value-added.

**TABLE 1: DESCRIPTION OF INDEPENDENT VARIABLE AND DEPENDENT VARIABLES**

Median	Standard deviation	Mean	Maximum	Minimum	Description	Variable
1105.5	26322.5	11577	135520	37	Technical knowledge	Dependent
139014	1704092.2	702260.8	8313668	533	Earnings	
1.4	1.7	1.8	13.1	0.4	Earnings growth rate	
400	504.1	505.9	2300	0	Dividend earnings	
67284	643553.8	279466.8	4117608	112	Free cash flows	
596	524.3	701.6	2573	16	Earnings per share	
11.4	10.0	13.7	45.3	0.6	Return rate of the assets	
2.7	17.1	5.3	177.2	0.1	Return rate of investments	
32.51	31.3	35.7	309.2	1.2	Return rate of equity	
5.235	5.7	6.6	38.1	0	Price to earnings ratio	
2.105	1.8	2.5	10.2	0.4	Market value to book value ratio of share	
208.66	184.3	245.9	1014.7	20.7	Tobin Q ratio	
186903	2148322.3	763484.5	14388850	-3953160	Market value-added	
731550	5588579.4	2544709.3	30806250	25320	Economic value-added	
304875	4239515.5	1781224.7	21093190	6064	Reformed economic value-added	

To examine the impact of knowledge management implementation on each of the dependent variables (i.e. earnings, earnings growth rate, free cash flows, earnings per share, return rate of assets, return rate of investments, return rate of equity, price to earnings ratio, market value to book value ratio of share, Tobin Q ratio, market value-added, economic value-added, and reformed economic value-added), the relationship between a technical knowledge variable and each of the above dependent variables was evaluated using a simple linear regression model.

Given that there is just one independent variable in regression models of the study, the significance of the relationship between independent and dependent variable only shows model significance in general and vice versa, so there is no need for f-test. Regarding Kolmogrov- Esmirnov (K-S) test, best judgments will be with using first type error (%5) (confidence level %95). However, given that the sample size is more than 30 cases, data will be considered normal at confidence level of %99.

Before evaluating the regression model (hypothesis testing), basic regression presumptions must be examined among which is the normality of data distribution conducted using K-S test. Inter alia, for the sake of variables distribution objectivity, P-P diagram is applied for evaluating the normalization of variables; in the diagram, the closer the points to 45° line, the closer the data distribution to a normal distribution. Here, there is no need to examine the co-linearity between independent variables in the model, since there is just one independent variable.

The results of dependent variables normalization test, Watson distance test, and normalization test of residues of these models all will be reported after hypothesis testing. However, since technical knowledge variable is common among all hypotheses, its normality presumption is tested separately and before other variables. The result of the examination is presented in Table 2.

**TABLE 2: EXAMINATION OF TECHNICAL KNOWLEDGE VARIABLE NORMALITY**

Normal test	statistic K-S	P-Value
Technical knowledge	3.85	≤0.0001

Given that the P-value obtained is less than 0.05, H<sub>0</sub> (independent variable distribution [technical knowledge] follows a normal distribution) is rejected. As a result, it is claimed (with confidence level of %95) that there is a significant relationship between the variable distribution and normal distribution. To convert

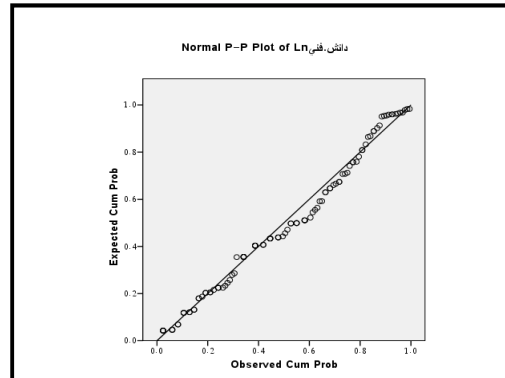
technical knowledge variable distribution to a normal distribution, its logarithm is calculated and again the normality of the data is tested. The results are represented in Table 3.

TABLE 3: EXAMINATION OF TECHNICAL KNOWLEDGE VARIABLE LOGARITHM NORMALITY

Normal test	statistic K-S	P-Value
Technical knowledge	0.94	0.34

Given that the P-value obtained is less than 0.05,  $H_0$  (independent variable logarithm distribution [technical knowledge] follows a normal distribution) is not rejected. As a result, it cannot be claimed that there is a significant relationship between the variable distribution and normal distribution. Figure 1 illustrates P-P diagram for examining technical knowledge variable logarithm distribution normality.

FIGURE 1: P-P DIAGRAM FOR TECHNICAL KNOWLEDGE VARIABLE LOGARITHM



Small distance between the points and the 45° line confirms K-S test result and shows trivial deviance of data distribution from the normal distribution. Now, new variable can be used in evaluating regression models required for hypothesis testing.

**HYPOTHESES TESTING**

The research hypotheses examine the relationship between knowledge management implementation and financial performance of companies using 14 economic and accounting indices. As a result, it is required to initially test dependent variables normalization. To convert dependent variables distribution to normal distribution, their logarithm is calculated and again data normalization is tested. The results are represented in Table 4.

TABLE 4: EXAMINATION OF DEPENDENT VARIABLES LOGARITHM NORMALIZATION

Normal test	statistic K-S	P-Value
Earnings logarithm	1.28	0.08
Earnings growth rate logarithm	1.65	0.01
Dividend earnings logarithm	1.65	0.01
Free cash flows logarithm	1.28	0.08
Earnings per share logarithm	1.34	0.06
Return rate of the assets logarithm	0.70	0.71
Return rate of investments logarithm	1.02	0.25
Return rate of equity logarithm	1.11	0.17
Price to earnings ratio logarithm	0.73	0.66
Market value to book value ratio of share logarithm	0.87	0.43
Tobin Q ratio logarithm	0.67	0.76
Market value-added logarithm	1.24	0.09
Economic value-added logarithm	0.63	0.83
Reformed economic value-added logarithm	0.63	0.83

Now, it is claimed (with %95 of confidence) that there is a linear significant relationship between technical knowledge variable and independent variables logarithm.

**EXAMINATION OF AUTOCORRELATION OF DATA**

Durbin-Watson statistic equals 2.02 indicating that it is larger than 1.56 the data does not have autocorrelation problem.

**ASSESSMENT OF RESIDUES NORMALIZATION**

At the end, normalization of regression model residues distribution must be reassured the result of which is represented in Table 5.

TABLE 5: ASSESSMENT OF NORMALIZATION OF REGRESSION MODEL RESIDUES

Normal test	statistic K-S	P-Value
Earnings regression model residues	0.69	0.73
Earnings growth rate regression model residues	1.65	0.01
Dividend earnings regression model residues	1.00	0.27
Free cash flows regression model residues	1.34	0.06
Earnings per share regression model residues	0.90	0.40
Return rate of the assets regression model residues	0.70	0.71
Return rate of investments regression model residues	1.02	0.25
Return rate of equity regression model residues	1.11	0.17
Price to earnings ratio regression model residues	1.01	0.26
Market value to book value ratio of share regression model residues	1.52	0.02
Tobin Q ratio regression model residues	0.70	0.72
Market value-added regression model residues	0.74	0.64
Economic value-added regression model residues	0.80	0.54
Reformed economic value-added regression model residues	0.83	0.49

Regression models of these 14 variables are as follow(1-14):

- Earnings = 8.06 + 0.51× LN (technical knowledge) + ε (1)
- Growth rate of earnings = 0.17 + 0.17× LN (technical knowledge) + ε (2)
- Dividend earnings = 915.24 + 56.23× LN (technical knowledge) + ε (3)
- Free cash flows = 6.99 + 0.53× LN (technical knowledge) + ε (4)

- Earnings per share = 1189.55 + 67.03× LN (technical knowledge) + ε (5)
- Return rate of the assets = 2.43 + 0.29× LN (technical knowledge) + ε (6)
- Return rate of investments = 0.79 + 0.45× LN (technical knowledge) + ε (7)
- Return rate of equity = 3.45 + 0.24× LN (technical knowledge) + ε (8)
- Price to earnings ratio = 2.49 + -0.11× LN (technical knowledge) + ε (9)
- Market value to book value ratio of share = 1.79 + -0.15× LN (technical knowledge) + ε (10)
- Tobin Q ratio = 2.49 + -0.11× LN (technical knowledge) + ε (11)
- Market value-added = 20.97 + 0.51× LN (technical knowledge) + ε (12)
- Economic value-added = 10.8 + 0.4× LN (technical knowledge) + ε (13)
- Reformed economic value-added = 9.10 + 0.50× LN (technical knowledge) + ε (14)

**TABLE 6- REGRESSION COEFFICIENTS (SINGLE-VARIANT)**

Durbin - Watson	Correlation coefficient	Modified Determinant coefficient	Determinant coefficient	JP- Value/	t Statistic	standard coefficients	Non-standard coefficients		Independent variable	Dependent variables log
							Estimation error	frequency		
2.02	0.55	0.30	0.31	1≤0.000	14.42	-	0.56	8.06	Model constant	Earnings
				1≤0.000	6.93	0.55	0.07	0.51	Technical knowledge log	
2.04	0.13	0.01	0.02	0.34	0.95	-	0.17	0.17	Model constant	Earnings growth rate
				0.19	1.33	0.13	0.02	0.03	Technical knowledge log	
1.59	0.24	0.05	0.06	1≤0.000	5.47	-	167.39	915.24	Model constant	Dividend earnings
				0.01	-2.55	-0.24	22.07	-56.23	Technical knowledge log	
1.92	0.54	0.29	0.29	1≤0.000	11.62	-	0.60	6.99	Model constant	Free cash flows
				1≤0.000	6.68	0.54	0.08	0.53	Technical knowledge log	
1.61	0.27	0.07	0.07	1≤0.000	6.90	-	172.44	1189.55	Model constant	Earnings per share
				1≤0.000	-2.95	-0.27	22.74	-67.03	Technical knowledge log	
1.84	0.04	-0.01	0.00	1≤0.000	8.27	-	0.29	2.43	Model constant	Return rate of the assets
				0.66	-0.44	-0.04	0.04	-0.02	Technical knowledge log	
2.01	0.01	-0.01	0.00	0.08	1.75	-	0.45	0.79	Model constant	Return rate of investments
				0.90	-0.13	-0.01	0.06	-0.01	Technical knowledge log	
1.68	0.04	-0.01	0.00	1≤0.000	14.09	-	0.24	3.45	Model constant	Return rate of equity
				0.69	-0.41	-0.04	0.03	-0.01	Technical knowledge log	
1.54	0.38	0.14	0.15	1≤0.000	12.85	-	0.19	2.49	Model constant	Price to earnings ratio
				1≤0.000	-4.26	-0.38	0.03	-0.11	Technical knowledge log	
1.52	0.47	0.21	0.22	1≤0.000	8.47	-	0.21	1.79	Model constant	Market value to book value ratio of share
				1≤0.000	-5.52	-0.47	0.03	-0.15	Technical knowledge log	
1.52	0.38	0.14	0.14	1≤0.000	26.89	-	0.23	6.20	Model constant	Tobin Q ratio
				1≤0.000	-4.27	-0.38	0.03	-0.13	Technical knowledge log	
2.45	0.27	0.06	0.07	1≤0.000	15.61	-	1.34	20.97	Model constant	Market value-added
				0.01	2.86	0.27	0.18	0.51	Technical knowledge log	
2.55	0.44	0.19	0.19	1≤0.000	20.6	-	0.5	10.8	Model constant	Economic value-added
				1≤0.000	5.1	0.4	0.1	0.4	Technical knowledge log	
2.47	0.60	0.36	0.36	1≤0.000	18.60	-	0.49	9.10	Model constant	Reformed economic value-added
				1≤0.000	7.82	0.60	0.06	0.50	Technical knowledge log	

**DISCUSSION AND CONCLUSION**

The purpose of this study was to examine the impact of knowledge management implementation on financial performance of accepted companies in Tehran Stock Exchange during 2005-2009. Two hypotheses were considered in this study. In order to examine the performance of companies, accounting and economic criteria were employed each of which has a specific index and the researcher conducted hypothesis testing procedure using single-variant regression model. The logic beneath using single-variant regression model is that the researcher tested knowledge management variable by just one accounting or economic index for each hypothesis. In order to examine the impact of knowledge management on companies' financial performance, following variables were used as determinants of the companies' financial performance: Earnings, Growth rate of earnings, Dividend earnings, Free cash flows, Earnings per share, Return rate of the assets, Return rate of investment, Return rate of equity, Price to earnings ratio, Market value to book value ratio of share, Tobin Q ratio, Market value-added, Economic value-added and Reformed economic value-added, and the impact of knowledge management implementation on financial performance of companies is tested through examining respective variables. First, dependent variables normalization was tested using K-S statistic test and it was determined that data does not follow normal distribution, and given that they were not normal, variables logarithm was used and then variables dispersion diagram was drawn and test result demonstrated that there is a linear significant relationship between technical knowledge and fourteen dependent variables. At the end, regarding the importance of all intangible assets, it is suggested to companies' managers that evaluate these types of assets accurately and represent them in financial statements. Given that intangible assets can affect companies' performance, companies' manager are recommended to take great care in disclosing them in accordance with standards. In addition, investors, stockbrokers and financial analysts are suggested to pay close attention to the value of these types of assets and their impacts on companies' performance when purchasing companies' stock.

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**EDUCATED UNEMPLOYMENT PROBLEM IN KARNATAKA: A STUDY**

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**ABSTRACT**

*Educated unemployment involves the waste of the best of our human talent. It means a great national loss that such a valuable human capital should remain idle. The most important feature of the unemployment problem is the increasing unemployment amongst the educated classes. The present paper makes an attempt to study the reasons for increasing educated unemployment, to focus on the statistics of educated unemployed youths in Karnataka and suggest some remedial measures to bring down the stock of educated unemployed during twelfth five year plan.*

**KEYWORDS**

Unemployment, employment Exchanges, Problems.

**INTRODUCTION**

The problem of the educated unemployed constitutes a very serious and menacing problem. The educated unemployed is relatively harmful person in the social setup. He is vocal; he has influence; he nurses a sense of personal injury and if the grievance is long continued and the numbers involved are large, as in India, the situation is decidedly explosive, and will be a constant threat to the security and stability of the country. The unemployed persons belonging to this category are not 'dumb, driven cattle', but intelligent people, and will not accept an unenviable position lying down.

The comprehensive working definition of an 'educated unemployed youth' for the present study is therefore identified as –anyone between the age group of 15-34 years from matriculate to the post graduate level, who is capable of working, willing to work and making an effort to find work but unable to find any remunerative job.

According to John Black's Oxford Economics Dictionary, unemployment is the situation when a person is able and willing to work but does not get opportunity to work. Educated unemployment is the type of unemployment in which a person may not be getting job suitable to his qualification to enable him to make full use of his capacity. Educated unemployment is related with jobless among the educated people i.e., matriculate and above. At present, educated unemployment problem became an important issue in the society.

Educated unemployment involves the waste of the best of our human talent. It means a great national loss that such a valuable human capital should remain idle. The most important feature of the unemployment problem is the increasing unemployment amongst the educated classes. The present paper makes an attempt to study the reasons for increasing educated unemployment, to focus on the statistics of educated unemployed youths in Karnataka and suggest some remedial measures to bring down the stock of educated unemployed during twelfth five year plan.

**OBJECTIVES**

1. To study the magnitude and trend of educated unemployment and employment opportunities for educated youth in Karnataka state.
2. To find out the problems of educated unemployed.
3. To offer suitable measures to reduce the unemployment problem particularly in educated group in India.

**ENROLLMENT OF EDUCATED YOUTHS IN EMPLOYMENT EXCHANGES**

The most important aspect of this problem is the increasing unemployment amongst the educated classes. But, the problem is not new in India; even in the twenties and thirties, there was growing concern about this. Unfortunately, in spite of the best efforts of the various committees to examine the matter, the problem has persisted and grown in intensity. The statistics maintained by the employment exchanges also point to steady rise in the number of the educated unemployed in Karnataka, as will be evident from table 1.

**TABLE - 1: REGISTRANTS ON THE LIVE REGISTERS OF EMPLOYMENT EXCHANGES IN KARNATAKA**

Registrants	At the end of			Variation (Dec-2010/ Mar-10)%	Net registrants as at the end of Dec-2010
	March-2009	March- 2010	Dec-2010		
1.Post-Graduates	4417	4334	4779	10.27	3124
2.Graduates	63220	57935	52894	-8.7	27558
3.Diploma Holders	22720	21082	21761	3.22	12678
4.I.T.I. Apprenticeship, Other Certificate holders	53978	53233	57720	8.43	30315
5.Matriculates and Stenographers	393183	325235	282210	-13.23	125583
6.Below Matriculation	114186	102118	91494	-10.4	40138
Total	<b>651712</b>	<b>56393</b>	<b>510858</b>	-9.41	239396

Source: Department of Employment and Training.

Karnataka is one of the states in India that has always suffered a higher incidence of unemployment than that of the national average. This is particularly true of the educated unemployment. As per the employment exchange data, the total number of unemployed in the state which was 5.11 lakh in December 2010 compared to 5.64 lakh at the end of March 2010, a decrease of 9.41 per cent. During the corresponding period in the previous year the number of job seekers had decreased by 10.64 per cent. As compared to previous year there is increase in post-Graduates and ITI Apprenticeship, other Certificate holders. There is slightly increase in Diploma Holders. There has been 13.23 percent decline in the registrants of Matriculations and stenographers followed by Below Matriculation (10.40 percent) and Graduates (8.70 percent). Registrants on the live registers of Employment exchanges in Karnataka are given above table.



**SOME IMPORTANT REASONS INCREASING EDUCATED UNEMPLOYMENT**

The problem of educated unemployment has increased from time to time in spite of various opportunities for the educated unemployed; some important reasons that have increased this trend in India are as follows.

- 1) Mismatch of required skill.
- 2) Uncontrolled expansion of secondary and higher education.
- 3) Outdated content of education: the system of education is highly related to life.
- 4) More preference for white-collar jobs manual and industrial jobs.
- 5) The secondary and higher education has been adopting the policy of 'invite-all' or 'open-door' generating maximum number of educated unemployment.

**REMEDIES FOR THE PROBLEM OF EDUCATED UNEMPLOYMENT IN INDIA**

The problem of unemployment of the educated in India is really complex and multi-dimensional. Different scholars and authorities have viewed and examined the problem from different angles. Therefore, a uni-dimensional approach to solve the problem may not be very fruitful. In order to comprehend the problem in its entirety it would be useful to examine it on the following different lines. However, it may be admitted that the crux of the problem, looked at from any angle, is the imbalance between the supply of, and the demand for, educated labour in the market.

Now, it is interesting to see how on practical aspects the different issues on supply and demand side are involved in the problem and how the planners and governments in India are attempting to act and react upon such issues with a view to solve the problem.

**A) The Supply Side:**

On the supply side of the problem, analysis is made on quantitative and qualitative aspects separately.

**1) Quantitative Controls:**

**i) The Case for Quantitative Control:** As is generally understood, the main reason for the problem is the excess supply of the educated labour to the market. Therefore, the simplest way of dealing with it would be to control the growth of education by imposing quantitative restrictions on the admission of students to schools and colleges.

**ii) Efforts to Control Higher Education:**

In spite of repeated use of phrases like, 'top heavy' school system, 'education explosion', 'educational hyperinflation', 'no-new starts', 'consolidation rather than explosion', the five year plans never fixed quantitative targets for the growth of higher education. The review of each plan recorded a greater public expenditure on higher education than 'planned' and the establishment of several institutions of higher education where none was recommended. They have been allowed to grow under the pressure of public demand. The Education Commission 1965-66 admitted in so many words that the expansion in secondary and higher education had never been kept under control. It went even further and recommended restriction of the unplanned and uncontrolled expansion of general secondary and higher education by a policy of "selective admissions". But the Parliamentary Committee constituted to consider the report of the Education Commission rejected the proposal of "selective admissions"; on the contrary, it recommended an "open door" policy at higher levels.

The foregoing analysis leads one to the grim conclusion that the control of higher education in the Indian context would neither be acceptable nor possible.

**2) Qualitative Changes:**

**i) The Case for Change in the Quality of Education:** The education system India does not provide the necessary skills required in practical life. The education imparted is essentially 'literary' in nature and as generally stated, it is not 'technical' or 'professional' or 'vocational'. This creates a wide gulf between 'word of education' and 'world of work'. Therefore, to solve unemployment problem of the educated, it is argued, what is needed is a change in the curricula and not a control on the expansion of education. The change in curricula may take any form like 'ruralisation', 'vocationalisation', 'technical education', 'work experience' and 'job-orientation'. The most widely experimented form is the vocationalisation of education.

**ii) Efforts towards Vocationalisation of Education in India:** In spite of the recommendations of various commissions and committees and repeated emphasis placed on vocationalisation of education by the Five Year Plans, the programme has not made any considerable headway and the quality of education has in essence, maintained its predominantly academic character or 'literacy bias'. Indian education even to this day is criticised as being 'colonial', as it produces 'clerks' and not 'productive workers'.

The vocationalisation of education may not prove an effective policy for relieving the problem of unemployment of the educated. Long back, Dr. Pant argued that "our educational system is not so different from that of abroad and whatever change or changes you introduce in the sphere of higher education you cannot solve the unemployment problem until and unless this country creates demand. Therefore, a solution to the problem of educated unemployment could be found on its demand side and not on the supply side.

**B) The Demand Side:**

The demand for labour in the market, it should not be forgotten that this demand included both the demand for the educated and the demand for the uneducated. It is generally accepted that the growth of the Indian economy has failed to absorb all the growing labour force. As a result, there is an overall imbalance between total demand and total supply of labour in the country. Hence, educated unemployment is a part of the 'general' unemployment.

Any attempt to solve educated unemployment, ignoring the phenomenon of general unemployment, may not be fruitful. Therefore, measures like the substitution of educated labour for the uneducated, the provision of jobs without an increase in output and the appointment of all the educated unemployed once for all at any given point of time, may not be logical and sustainable.

**1) Employment in the Organised Sector**

Firstly, we should promote use of labour intensive and capital saving technologies. And secondly, the way the "organised sector" as defined at present needs a review. One definition of organised sector is based on its capital intensity, i.e., the technology used. Other definition of organised sector is in terms of employment – the terms of contract between the employer and employee. At present the terms of employment are seen to be rigid by the organised sector, with the result that though organised sector needs and uses a lot of labour input, it does not show up in jobs created. Similar tendencies have forced the capital intensity to increase even in the small-scale sector. One of the suggestions has been that, if employment is the social purpose of a small-scale policy or small and medium enterprise policy then the policy should be designed in terms of jobs created rather than investments made.

**TABLE - 2: EMPLOYMENT IN PUBLIC AND PRIVATE SECTOR**

(in '000)

Branch	Employment as on			Percentage variation Sept -10/March-10
	March-09	March-10	Sept.-10 (Provisional)	
1. Central government	95.2	97.4	95.1	-2.36
2. State government	571.3	570.9	574.9	0.7
3. Central government (Quasi)	159.5	164.5	163.3	-0.73
4. State government (Quasi)	159.6	160.8	159.7	0.68
5. Local bodies	66.9	68.3	68.5	0.29
6. Private sector - Act	1115.9	1157.5	1163.5	0.52
7. Private sector - Non-Act	66.1	65.9	65.9	0
Public sector	1052.5	1061.9	1061.5	-0.04
Private sector	1182	1223.4	1229.4	0.49
<b>TOTAL</b>	<b>2234.5</b>	<b>2285.3</b>	<b>2290.9</b>	<b>0.25</b>

Source: Planning Programme Monitoring & Statistics Department, Government of Karnataka.

Organised sector employment in the state has increased by 0.25% from 22.85 lakh at the end of March 2010 to 22.91 lakh at the end of September 2010 adding 0.06 lakh additional jobs. Public sector employment accounts for 10.62 lakh (46.34 per cent) and private sector for 12.29 lakh (53.66 per cent), while the former has decreased slightly by 0.40 per cent, where as the latter has increased by 6 per cent between April and September 2010.

Branch wise comparison shows that employment in the State Government and local bodies has increased from 5.71 to 5.75 lakh and 0.68 to 0.69 and respectively from March 2010 to September 2010. Central Government, Central Government (quasi) and State Government (Quasi) employment has decreased from 0.97 lakh to 0.95 lakh, 1.65 to 1.63 lakh and 1.61 lakh to 1.60 respectively from March 2010 to September 2010. Employment in public sector has increased from 10.62 lakh in March 2010 to 10.66 lakh in September 2010. Table 02- gives branch wise details of the organised sector employment at the end of September 2009

## 2) Employment in the Unorganised Sector

In India, a major chunk of labour force is employed in the organized sector. The unorganized/informal employment consists of casual and contributing family workers; self employed persons in unorganized sector and private households; and other employed in organized and unorganized enterprises that are not eligible either for paid, sick or annual leave or for any social security benefits given by the employer.

**TABLE 3: DISTRIBUTION OF WORKERS ACROSS UNORGANISED AND ORGANIZED SECTOR IN KARNATAKA, 2004/05**

Item	Numbers (in Millions)			% distribution		
	Unorganised	Organised	Total	Unorganised	Organised	Total
<b>Gender</b>						
Male	14.44	2.65	17.09	84.5	15.5	100
Female	8.8	0.98	9.79	90	10	100
<b>Location</b>						
Rural	17.91	1.5	19.41	92.3	7.7	100
Urban	5.33	2.13	7.46	71.5	28.5	100
<b>Total</b>	<b>5.33</b>	<b>3.63</b>	<b>26.87</b>	<b>86.5</b>	<b>13.5</b>	<b>100</b>

Source: Calculated from the unit level records of the EUS of the NSSO of the respective rounds

If the growing labour force is not absorbed in the modern sector, the alternative is to get it absorbed in unorganized sector. The size of unorganised sector is 92.3 percent in Rural and 71.5 percent in urban Karnataka. As per the definition of National Commission for Enterprises in the Unorganised Sector (NCEUS), about 87 per cent of the workers work in the unorganized sector in Karnataka (the size of unorganised sector workers in India is 91.83 percent). Most of the unorganised workers are illiterate and low skilled and primarily engaged in low quality and low productive jobs with poor working conditions and absence of any social security provisions. Therefore, skill development and enhancement of productivity and levels of income of the unorganised workers is a tremendous challenge for the State. In view of the large size of workers in unorganized, the state has set up the social security board based on the Social Security Act, 2008, construction welfare board, Beedi welfare, skill development commission. The details are discussed in the ensuing section. The organized sector with secured job and provision of social security employs only 13.5 per cent of the total workforce. This picture is better than all India average of 8.17 percentage share of organized sector workers (Table- 03)

The gender break-up of workforce indicates that a higher proportion of both male and female workers work in the unorganised sector. However, the proportion of female workers dependent on unorganized sector for their livelihood is relatively higher than their male counterparts, which in turn suggests that dependency of female workers on unorganized sector for livelihood is higher than their male counterparts. Across rural-urban locations, it is observed that the unorganised sector is deep rooted in both rural and urban areas; however the relative size of unorganized sector is high in rural areas whereas in urban areas the same is true for organized sector

## 3) Manpower Planning Approach

The manpower planning is a blend of education policy and employment policy. It attempts to adjust the skills and capabilities of the labour force with the needs and requirements of the society. By a precise method of manpower planning the educational system would produce the skills and talents required for the economy and the economy in turn, would fully utilise such skills without rendering them useless or idle.

In India, manpower planning exercises have been initiated in an adhoc manner since the early days of planning. Manpower forecasts were made in respect of some categories like engineers, doctors, scientists, teachers and managerial and commercial personnel. Manpower forecasts of matriculates and general graduates have not been attempted hitherto. Even where manpower forecasts were made, they were adhoc and half hearted. Therefore, the later results have revealed wide variations between the forecasts and actual realities.

## 4) Attitudinal Approach:

There is also a socio-psychological approach to the problem of the educated unemployment. According to this approach, the 'attitudes' of the educated are the main reasons for their unemployment. Educated youth are not accepting 'manual' work. They always prefer 'white collar' jobs. Gunnar Myrdal observed that "the educated are looking for non-manual work and are not prepared to accept work that 'soils their hands'. If the educated were ready to accept manual work or blue-collar employment, the problem of educated unemployment would soon vanish.

## 5) Radical Approach

Some radical measures on both the demand and supply sides of the problem are frequently suggested. They include measures like the abolition of examinations, recurrent education, delinking degrees from jobs, deschooling, encouraging the emigration of educated labourers, reduction of working days and hours, early retirement of employees and so on. But all of them are still in a controversial stage, and not put into practice anywhere.

After a brief survey of the different approaches to the problem of educated unemployment in India, one may conclude that there is no single royal road to its solution. Indications are that the problem will persist for a long time to come.

## SELF-EMPLOYMENT-A SAFETY VALVE

The only way out for the educated unemployed in the present context seems to be self-employment. This strategy might exert the strongest influence on both the supply and demand sides of the problem. On the supply side, self-employment strategy makes the educated more productive by imparting to them skills in formal and informal ways. From the demand point of view, it develops 'self-employment' as an independent sector where the unemployed people could seek their fortunes. If the government encouraged such self-employment seeker by providing a 'package' of inputs/services, the educated unemployment could get at least subsistence employment, if not gainful employment.

Erstwhile self-employment programmes such as IRDP, TRYSEM, DWACRA etc., have been merged into a single composite programme called "Swarna Jayanthi Grama Swa Rozgar Yojana". The Government of India has discontinued PMRY scheme with effect from August 2008 & introduce new self employment scheme Prime Minister's Employment Generation Programme (PMEGP).

## CONCLUSIONS

This problem of unemployment among the educated youth is a serious problem, which needs timely attention and solution. Unemployment should not be viewed as a 'residual' problem to be tackled after the other problems have been solved, but as a 'primary' problem. Determined efforts are needed and appropriate policies, plans and programmes are to be made so that our young men and women can become job creators and not job seekers.

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## COMPARATIVELY STUDY OF REAL ORGANIZATION & VIRTUAL ORGANIZATION (STUDY OF SELECTED COMMERCIAL BANK)

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### ABSTRACT

The Invention of Internet & web technology has given Birth to so many new concepts in Business one of such example is emergence of virtual Banking. Virtual banking is one of the latest emerging trends on the Indian Banking Scenario. Usage of Virtual banking, though present in India was rest restricted to foreign banks. Today most of public sectors banks branches in metros and cities, have computerized front office operations (customer transaction) and their back office operation and information management system are also increasingly getting computerized and integrated. However, it may be noted that the traditional 'brick and mortar' banking with manual system does continue to prevail in most banks' rural branches in urban areas too, most of the urban co-operative banks continue to use the manual system of banking. The article studies the comparatively Study of real banking & virtual banking in India and its role in fostering relationships with customers and giving them more value. The proposed study includes the evolution need and relevant, forces driving, merits and demerits of real banking and virtual banking. This work will include the comparative study of virtual banking and real (Traditional Banking) banking. Results have shown that virtual corporation (banking) can produce financial rewards for the organization.

### KEYWORDS

Virtual Banking, Traditional Banking, technology, customer value.

### INTRODUCTION

A bank is an institution, usually incorporated with power to issue its promissory notes intended to circulate as money (known as bank notes); or to receive the money of others on general deposit, to form a joint fund that shall be used by the institution, for its own benefit, for one or more of the purposes of making temporary loans and discounts; of dealing in notes, foreign and domestic bills of exchange, coin, bullion, credits, and the remission of money; or with both these powers, and with the privileges, in addition to these basic powers, of receiving special deposits and making collections for the holders of negotiable paper, if the institution sees fit to engage in such business. OVER THE PAST TWENTY YEARS the retail banking industry has experienced major Changes. These changes include increased competition among banks and nonblank, Evolution in customer preferences, and technological advances in bank distribution Systems.

The rise of PCs has created a group of customers with the ability and desire to conduct remote transactions. Technological advances have shifted retail banking's historical reliance on branches. Many banks have expressed a desire to reduce the number of bank branches and shift transactions to lower-cost electronic channels. Further, the advent of "pure" virtual banks—banks with no branches or ATMs—has called into question the importance of bank branches, even driving some to predict that branches will one day be virtually eliminated from retail banking distribution. Others bank suggested that banks. The primary goal of banking organization is to develop a long term relationship with customer in trying to retain customers; banks are attempting to expand their service offerings. Most banks are determined to invent strategies which take into account the changing needs of their customers. Virtual banking work as a mile stone to achieve the customer satisfaction. Before comparing Virtual and Real Banking First researcher want to introduce that what is virtual Corporation:

"The Virtual Corporation" to be a 'must have' road map for every corporation that will soon find itself, its members and most importantly, its customers, living, working and shopping in a virtual world.

### BACKGROUND OF STUDY

According to a release dated September 19, 2006, the Internet and Mobile Association of India (IAMAI) and IMRB International, Internet users in India have reached 37 million in the month of September 2006, up from 33 million in March 2006. During the same period the number of "active users" has risen from 21.1 Million in March 2006 to 25 Million in September 2006. "Active User" is an internationally accepted and widely used category to define users who have used the internet at least one in the last 30 days. The numbers are a result of the largest "offline" survey so far carried out in India to estimate the "ever user" and "active user" categories. The primary survey for the study was conducted in early 2006 amongst 16,500 households covering 65,000 individuals across 26 major metros and small towns in India, with additional coverage of 10,000 business and 250 cyber café owners. The survey did not include rural areas.

**TABLE 1: IWS (INTERNET WORLD STATS)**

YEAR	Users	Population	% Pen.	Usage Source
1998	1,400,000	1,094,870,677	0.1 %	ITU
1999	2,800,000	1,094,870,677	0.3 %	ITU
2000	5,500,000	1,094,870,677	0.5 %	ITU
2001	7,000,000	1,094,870,677	0.7 %	ITU
2002	16,500,000	1,094,870,677	1.6 %	ITU
2003	22,500,000	1,094,870,677	2.1 %	ITU
2004	39,200,000	1,094,870,677	3.6 %	C.I. Almanac
2005	50,600,000	1,112,225,812	4.5 %	C.I. Almanac
2006	40,000,000	1,112,225,812	3.6 %	IAMAI
2007	42,000,000	1,129,667,528	3.7 %	IWS
2009	81,000,000	1,156,897,766	7.0 %	ITU
2010	100,000,000	1,173,108,018	8.5 %	IWS

IWS considers that the number of Internet users in India is now 100,000,000 to give credit to surveys and field work performed till December 31, 2010. These massive figures very well reflect the scope and size of this the network. There is no other channel in the whole world bringing people so close to people, people so close to business or business so close to business than the Internet.

## REAL BANKING SYSTEM (BRANCH BANKING)

Real Bank is also known as branch bank is a retail location where a bank, credit union or other financial institution offers a wide array of face to face service to its customers. Real banking provides a number of services such as notaries, loan officers and safety deposit boxes. In traditional banking system, a customer can open any bank account in banks; take the facility of saving his money by depositing money in local bank. He can withdraw his money through check, counter payment and through bank draft. He can meet the bank manager and ask his problem. He can take the physical help for getting loan from bank.

## VIRTUAL BANKING SYSTEM

Virtual Banking is a type of banking in it, financial and banking services are accessed via Internet's World Wide Web. It's called a Virtual Banking because a Virtual bank has no boundaries of brick and mortar and exists only on the Internet. With cybercafés and kiosks springing up in different cities, access to the Internet is going to be easy. Virtual banking is a development of PC banking and represents an e-banking format that is rapidly growing in popularity. It is not restricted to a specific PC as there is no need for the customer to have any financial software program installed on the PC in order to conduct banking over the Internet. Instead of establishing a direct link between the customer's own PC and the bank via a modem, the World Wide Web is used as a distribution and communication channel to the bank. This implies that virtual banking may be cost-efficient and a convenient banking format for many customers. It can be expected to generate its main benefits from retail services such as short-term lending, deposits, cash management including card payments, e-Giro payments, pre-scheduled payments for electricity, insurance, housing, etc. In those cases, traditional manual operations within the bank are being replaced by online ones performed by the customers themselves.

Virtual banking is a system which provides banking services over the internet without any need of place and time (Timur, 2006).

Virtual banking has appeared towards the end of especially 1990s. And, banks started to provide their customers the chance of accessing their accounts in the internet environment by making use of various systems of security in the process of development. A bank's customer is able to access to his accounts in a secure manner using the security systems available and carry out almost all of the required operations by himself in a secure internet environment established between him and the bank (Timur, 2006).

"Virtual banking" is a term that suggests the ultimate state of technological equilibrium in banking. That is the point at which banking as an industry transcends mere physical presence and home-office size as a measure of capability—the art and science of being everywhere at the same time. As banks get bigger and more virtual, their markets will get more diffuse, harder to pin down, and less well identified with neighborhoods or communities. [1]

## LITERATURE REVIEW

The literature study constitutes the major part of this project. It was chosen as the best way to get an overview of the domain, and to explore the topics related to the research questions. The background and resources for this part of the report are result of an extensive literature study of articles, journals, books, web pages and forum discussions related to the concept.

(Mowshowitz, 1986) used the term Virtual Organization for the first time in 1986. Since then, there has been a lot of research on this type of networked organizations and how they will revolutionize the way we work in the 21st Century. There are numerous definitions of a VO because many authors and research groups use their own definition for their work. In the book "The Virtual Corporation", (Davidow & Malone, 1992) presented one of the first extensive approaches to the subject. The focus for their conception of a Virtual Corporation relates to the concept of a Virtual Product. The ideal virtual product according to them, was a product or service that "is produced instantaneously and customized in response to customer demand." "A virtual corporation is a temporary network of independent companies - suppliers, customers, and even rivals - linked by information technology to share skills, costs, and access to one another's markets. This corporate model is fluid and flexible - a group of collaborators that quickly unite to exploit a specific opportunity. Once the opportunity is met, the venture will, more often than not, disband. In the concept's purest form, each company that links up with others to create a virtual corporation contributes only what it regards as its core competencies. Technology plays a central role in the development of the virtual corporation. Teams of people in different companies work together, concurrently rather than sequentially, via computer networks in real time." (Byrne, 1993).

Business Week defines Virtual Corporation as "a temporary network of independent companies linked by IT to share skills, costs, and access to one another's markets." The main difference between virtual corporation and regular company is the degree to which the operations of company are electronic- A truly virtual company does not carry inventory and has no staff but still generates revenue. Here comes the million dollar question i.e. how? By utilizing the power of new systems and the Internet. For instance a company that developed a web site with single link to an online retailer who pays either a commission or a micro payment for sales or hits. After the web site is running no additional intervention is required to operate the organization, and if a visitor to that site links to an affiliate retail site and then makes a purchase, the virtual company will receive revenue. Amazon.com is one company that pays a commission for sales referred to its site in this manner. In this example, the virtual company does not carry any inventory or utilize any staff and other physical resources (unless these functions are outsourced).

## RATIONALE FOR THE STUDY

An effective Virtual Banking reduces operational costs and facilitates the information that affects efficiency and effectiveness of the transaction. It has many benefits like accessibility, saving time, user friendly, any time and anywhere banking facility, Secure, Convenience, useful, protect environment in comparison to Real Banking. The Concept of any time anywhere banking has thus been ushered in by Internet; the electronics bill payment service provided by banks overcomes the individual's onerous task of visiting several places to pay his service bill like telephone, water and electricity. Right from his desktop he can pay his regular monthly bills such as telephone, electricity, mobile phone, insurance etc. No more missed deadlines. No more loss of interest- he can schedule his bills advance and thus avoid missing the bills deadlines as well as earn extra interest on his money. The effectiveness of virtual banks allowed the customer to invest in shares mutual funds and other financial products.. Cheque book replenishment, Demand Draft/ Pay-order, Fixed deposit account opening, opening of letter of credit, The same convenience while investing in mutual funds – hassle free and paperless investing is brought to the customer by virtual banking.

With the advent of online transactions, speedy and secure settlements of payment has led to the globalization of financial services, Better customer services provide using various IT aided developments such as introduction of ATM, Magnetic Ink Character Recognition (MICR) cheques, digital signature, credit cards, debit cards, smart cards digital e-cash and electronics funds transfer, online E-ticket booking. These development have helped in reducing the time processing transaction and also the services are made available to customer at a convenient place, The day to day transactions in banks are insurance companies are automated which provide better.

Services in processing transaction, throughout the world financial services providers are looking a new concept of "any time any where any how" banking.

## OBJECTIVES OF THE STUDY

From the ongoing review of the existing literature, it is clear that impact of virtual organization is more effective as compare to real organization in terms of performance, reliability, and satisfaction and organization effectiveness, in education system Virtualization technologies provide a way to abstract the workspace environment in such a way as to be able to present educationally valid content on a broad range of devices.

But not much has been explored pertaining to their relationship with banking sector, which is an important determinant for effective performance and organizational effectiveness and customer satisfaction too. The present research was thus, undertaken with the following objective as guideposts for understanding the relationship between vitally important variables in the virtual banking in India.

To Study how virtual banking increases the productivity for an organization.

To Study the interactive effective of virtual banking and real banking in customer prospective.

To Study the security Risks in virtual banking over a real banking.

To suggest methods to increase productivity and revenue-sharing in e-partnerships and virtual organizations  
To open up new vistas of research and develop a base for application of the findings in terms of implication of the study

## METHODOLOGY

**The Study:** The study undertaken was exploratory in nature that has provided insights into perception of customer about Virtual Banking. The study was mainly based upon primary data. For this empirical research work, 'Survey' method had been chosen to systematically gather information from customer who are using Virtual Banking and customer who are using Real Banking. Also data has been collected from the employees of Govt. and Private Banks.

Real banking and virtual banking are two ways for getting the benefits from bank. Both have benefits and disadvantages. Customer can use both or any of these facilities. The present study is an exploratory investigation to examine the impact of real banking and virtual banking and its different dimensions among customers prospective. The study contains real banking and virtual banking as independent variables and its implication and dimensions on customer prospective as dependent variables.

**The Sample:** The initial sample of 150 customers was selected on random basic from Govt. and Private Sectors banks at Indore, Bhopal. In view of the research design the sample of 100 subjects was finally selected. The sample of the present study consisted of 50 customer who are using Virtual Banking and customer who are using Real Banking from Govt. and private sector banks each (Total 100) of India. The extraneous variables of age, experience, gender, functional area and other such variables were controlled by randomization and elimination. The respondents were post graduates and their ranged from 30 to 40 years, with and average of 35 years.

### THE TOOLS

**The Tools for Data Collection:** The research was carried out through survey method. The Likert 5 scaling selected for this research is a one-dimensional scaling method. This scale was chosen because it has been widely used in previous researches, and is often used for testing hypothesis, or scoring records. Both of those methods are used in analyzing the results. Therefore I decided to use Likert scale from 1 to 5 for the questions in designed for hypothesis testing. The following scale was applied in the survey:

5=Strongly Agree 4=Agree 3=Neutral 2=Disagree 1=Strongly Disagree 0 = No Opinion

Those questions with answer 0 were excluded form the statistical analysis. This decision is based on the notion that 0 refers to no opinion at all, and therefore cannot be taken into Consideration when scaling the results

**The Tools for Data Analysis:** Statistical Package for Social Science (SPSS 19.0). The final scale was subjected to principle component method of factor analysis using varimax rotation. The statistical tools used were analysis of variance, Z-test.

If Z value equals or exceeds 1.96 and 2.58, it can be concluded that the difference between means is significant at 0.05 and 0.01 levels respectively (Garrett and Woodworth, 1981)

The analysis of collected data was carried out using MS Excel 2003 and Statistical Package for Social Science (SPSS 19.0). The final scale was subjected to principle component method of factor analysis using varimax rotation. As a result of factor analysis, 8 factors emerged out viz **Reliability, Social Status, Geographical Flexibility, Perceived Transaction & Information Security, Convenience, Usefulness, and Result Demonstrability**. on the basis of these factors, problem for the research design was formulated setting eight hypotheses and z-test was applied to test these hypotheses

## PROBLEM

Based on review of literature and past studies, the following Hypotheses were formulated for this study through empirical investigation.

**There is no significant difference in adaptation of Real Banking and Virtual banking in customer procreative for financial transaction.**

## HYPOTHESIS

The formulation of hypothesis is an important stage of every research. It gives direction to the study besides this it also gives speed to the study. On the basis of review of available literature of Virtual organization and real organization

### NULL HYPOTHESIS

H<sub>01</sub>: There is no significant difference in Real Banking and Virtual Banking in terms of Reliability.

H<sub>02</sub>: There is no significant difference in Real Banking and Virtual Banking in terms of Social Status.

H<sub>03</sub>: There is no significant difference in Real Banking and Virtual banking in terms of Geographical flexibility.

H<sub>04</sub>: There is no significant difference in Real Banking and Virtual Banking in terms of Perceived Transaction & Information Security.

H<sub>05</sub>: There is no significant difference in Real Banking and Virtual Banking in terms of Ease of Use.

H<sub>06</sub>: There is no significant difference in Real Banking and Virtual Banking in terms of Usefulness.

H<sub>07</sub>: There is no significant difference in Real Banking and Virtual Banking in terms of Result Demonstrability.

## RESULTS AND DISCUSSIONS

### Factors of Analysis

The scale was administered on 100 respondents and the scores obtained were subjected to factor analysis and seven factors were identified. These are- **Reliability, Social Status, Geographical Flexibility, Perceived Transaction & Information Security, Convenience, Usefulness, Result Demonstrability**.

#### H01.

**1. Reliability:** This factor was measured by items 4, 14, 15, 7. "(Factor Load: **2.89**)"

Reliability refers to the efficiency and the ability of a system to perform its functions accurately, especially a foolproof system that can work properly. Making a system to perform its functions accurately and precisely, a dependable of document issuance of banking transactions should be considered, thus providing an ability to keep all banking transactions' information accurately and can serve at a specific time.

Kamel (2005) identified one of the very important service quality dimensions of Virtual Banking service quality is reliability. The online banking environment has grown tremendously over the past several years and will continue to grow as financial institutions continue to strive to allow customers to complete money transfers, pay bills, and access critical information online. Authenticating customers logging onto their online banking service has become a crucial concern of financial institutions (Williamson, 2006)

*The factor 'Reliability' is exhibiting total factor load 2.89* Significant difference was found in customer use of Virtual Banking and Real Banking in terms of '**Reliability**' as  $Z_{cal} (2.45) > Z_{tab} (1.96)$  at 5% level of significance, thus null hypothesis **H01: Stands Rejected**.

This indicates that in customer prospective reliability in Virtual Banking (Mean=3.97) is more favorable as compare to Real Banking (Mean=3.29)

#### H02.

**2. Social Status:** This factor was measured by items 17, 6. "(Factor Load: **.90**)"

**Status** reflects the social significance of practicing internet banking as a mean to express and enhance one's self-concept. As a dimension of social desirability, status measures relative advantage of IB use (Gerrard and Cunningham, 2003).

This dimension implies to impression management, i.e., by consuming certain products or services consumers strive to influence their self-image in the eyes of other consumers (Holbrook, 1999)

No Significant difference was found in customer use of Virtual Banking and Real Banking in terms of '**Social Status**' as  $Z_{cal} (1.31) < Z_{tab} (1.96)$  at 5% level of significance, thus null hypothesis **H02: Stands Accepted**.

**H03.**

**3. Geographical Flexibility:** This factor was measured by items 16, 10, 20. "(Factor Load: **1.85**)"

Liu and Arnett in their study identified time factor as one of the prime factor that in Virtual Banking service quality feature for the customers. Saving time is an importance factor which influences the customers prefers to use virtual banking. (Beer, 2006). Banks can make the information of products and services available on their site, which is, an advantageous proposition.

Significant difference was found in customer use of Virtual Banking and Real Banking in terms of '**Geographical Flexibility**' as **Zcal ( 3.51) > Ztab (1.96)** at 5% level of significance, thus null hypothesis **H03: Stands Rejected.**

**H04**

**4. Perceived Transaction & Information Security** This factor was measured by items 11, 1, 3, 13. "(Factor Load: **2.77**)"

**Security** stands for the reliability of Virtual Banking and an overall belief on the part of the user that banking transactions can be completed confidentially and safely. According to Polatoglu and Ekin (2001), Security is rated as the most important issue of virtual banking. There is a dual requirement to protect customers' privacy and protect against fraud. Digital signature is a precautionary measure to prevent malpractices and tampering the information. It is a form of enhanced authentication (Williamson, 2006).

Security comprises of three dimensions – reliability, safety, and privacy. Consumers' concerns about security, which arise from the use of an open public network, have been emphasized as the most important factor inhibiting the adoption and use of Virtual Banking (Sathye, 1999; Daniel, 1999; Cox and Dale, 2001; Howcroft et al., 2002). Security issues have been identified as significant quality attributes of Virtual Banking (Liao and Cheung, 2002; Jun and Cai, 2001).

Significant difference was found in customer use of Virtual Banking and Real Banking in terms of '**Perceived Transaction & Information Security**' as **Zcal ( 2.33) > Ztab (1.96)** at 5% level of significance, thus null hypothesis **H04: Stands Rejected.**

**H05**

**5. Convenience:** means saving time and increasing the efficiency of service as compared to branch banking. Thus, it can be conceptualized as relative advantage of adopting new service channel (Polatoglu and Ekin, 2001; Gerrard and Cunningham, 2003).

This factor was measured by items 9, 19, 5 "(Factor Load: **2.18**)"

Convenience, defined in terms of time savings, 24/7 access and service quality, is one of the most cited beneficial features of Virtual Banking (Daniel, 1999; Liao and Cheung, 2002). It is one of the dominating factors in transaction channel preferences (Ramsay and Smith, 1999) and a key determinant of consumer satisfaction (Yang et al., 2003). Consumers are prone to prefer more leisure-time, dedicating less time to financial matters (Devlin, 1995).

Virtual Banking users say that convenience is the most important factor; Virtual Banking lets them access their accounts from anywhere and at any time (Maholtra and Singh, 2007). Significant difference was found in customer use of Virtual Banking and Real Banking in terms of '**Convenience**' as **Zcal ( 14.8) > Ztab (1.96)** at 5% level of significance, thus null hypothesis **H05: Stands Rejected.**

**H06**

**6. Usefulness** For a corporate user this means how useful does the user find the overall idea of using the application, and how much it is found to contribute to ones overall job performance and efficiency. Based on formerly conducted researches and their results, the more useful the system is seen, the more likely it is be that the system is also being used. In accordance with that statement, the hypothesis is:

This factor was measured by items 18, 8, 2 "(Factor Load: **1.78**)"

No Significant difference was found in customer use of Virtual Banking and Real Banking in terms of '**Usefulness**' as **Zcal ( 1.27) < Ztab (1.96)** at 5% level of significance, thus null

hypothesis **H06: Stands Accepted.**

**H07**

**7. Result Demonstrability:** Result Demonstrability means explaining why using virtual banking may or may not be beneficial.

This factor was measured by items 12 "(Factor Load: **.74**)"

No Significant difference was found in customer use of Virtual Banking and Real Banking in terms of '**Result Demonstrability**' as **Zcal ( .198) < Ztab (1.96)** at 5% level of significance, thus null hypothesis **H07: Stands Accepted.**

**CONCLUSION**

Indian economy is witnessing stellar growth over the last few years. There has been rapid development in infrastructural and business front during the growth period. Internet adoption among Indians has been increasing over the last one decade. Indian bank has also risen to the occasion by offering new channels of delivery to their customers. virtual banking is one such new channel which has become available to Indian customers. Customer's acceptance of virtual banking has been good so far. This chapter is an attempt to discuss the findings of the present study in the light of available literature. The present study has confirmed that in customer prospective use virtual banking is differ as the use of real banking. The knowledge generated by the study has been merged with the available literature for meaningful understanding of the subject in focus.

In the present study, eight factors viz. Reliability, Social Status, Geographical Flexibility, Perceived Transaction & Information Security, Convenience, Usefulness, and Result Demonstrability.

Bank could increase virtual banking adoption by making their customer awareness about the usefulness of the service. It is seen that from the study that the variable Usefulness has a positive influence on virtual banking use, therefore virtual banking acceptance would be increase when customers find it more usefulness. Social Status were identified the positive affect of virtual banking system. That means customer would increase virtual banking usages when they find that it will increase their social status among friends and family and society.

Bank should therefore try to develop their banking site and interface easier to use. Bank could also consider providing practical training sessions at their branches on usages of internet banking. Also, comparison was made between virtual banking and real banking based on these 7 factors. Out of seven hypotheses formed, 4 null hypotheses were found to be rejected. virtual banking system and real banking system differ in terms of Reliability, Flexibility Perceived Transaction & Information Security and Result Demonstrability. The Finding of the study would be useful for Indian banks in planning and upgrading their virtual banking services

**IMPLICATIONS**

Implication focus on the utility of the generated knowledge and its application for different purpose. The present study was pioneering effort to investigate in to the relationship between Virtual Banking and Real Banking as well as its implication on customer prospective. The research problems were examined very carefully using standardized tools for data collection. The data were statistically treated to arrive at the results. The study has brought important insights and suggestion various dimensions for improving or enhancing the effectiveness of executives.

The research has provided the basis for researchers and practitioners to further investigate into specific areas related to virtual banking. Major issues related to Real Banking and their comparative study and implication. The present study will definitely help the executives to improve their baking utility, performance and become more effective.

Virtual corporations are getting popular day-by-day. In western countries the scope of virtual corporations has made a tremendous progress. The scope of the proposed study is confined to the situation of the India. Similarly, the proposed study does not intend to throw any light on the MIS of the existing corporations, but definitely it intends to provide useful contribution to the cost minimizing factors which are beneficial to the organization. In this manner the current study will prove to be a boon for the business persons to a great extent.

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**ANNEXURE**

**ANNEXURE 1: ROTATED COMPONENT MATRIX**

	Component						
	1	2	3	4	5	6	7
VAR00004	<b>.965</b>	.072	.006	-.020	.055	-.006	-.052
VAR00014	<b>.954</b>	.087	.005	-.022	-.005	.016	-.072
VAR00015	<b>-.905</b>	-.158	.062	-.059	.018	-.120	-.016
VAR00007	<b>.075</b>	.883	-.097	-.011	.205	-.021	.131
VAR00017	.208	<b>.863</b>	-.033	-.015	-.039	.072	.053
VAR00006	.026	<b>-.038</b>	.779	.040	.153	.063	-.120
VAR00016	-.154	-.151	<b>.709</b>	.049	.245	-.108	.084
VAR00010	-.026	.425	<b>.601</b>	-.024	-.316	.272	.165
VAR00020	.075	.537	<b>.540</b>	.124	-.210	.221	.044
VAR00011	.036	-.004	-.018	<b>.869</b>	.027	-.003	-.132
VAR00001	-.109	.012	-.066	<b>.784</b>	.019	.010	.037
VAR00003	.099	-.052	.191	<b>.562</b>	-.056	.414	.234
VAR00013	.101	.057	.251	<b>.559</b>	-.240	.287	.252
VAR00009	-.115	.037	.067	-.033	<b>.846</b>	-.040	.025
VAR00019	.081	.081	.074	.018	<b>.835</b>	-.072	-.048
VAR00005	.292	-.181	.421	-.161	<b>.503</b>	-.103	.005
VAR00018	.120	.087	-.056	.016	-.053	<b>.891</b>	.019
VAR00008	-.039	.046	.106	.170	-.085	<b>.852</b>	-.050
VAR00002	.008	.007	.002	.018	-.090	<b>.042</b>	.843
VAR00012	-.105	.174	.001	.054	.076	-.039	<b>.745</b>

**ANNEXURE 2: COMPARATIVE ANALYSIS**

FACTORS	NAME OF THE FACTORS	ITEMS	FACTOR LOADS
F1	RELIABILITY	4, 14, 15, 7	2.89
F2	SOCIAL STATUS	17,6	.90
F3	GEOGRAPHICAL FLEXIBILTY	16,10,20	1.85
F4	PERCEIVED TRANSACTION & INFORMATION SECURITY	11,1,3,13	2.77
F5	CONVENIENCE	09,19,05	2.18
F6	USEFULNESS	18,8,2	1.78
F7	RESULT DEMONSTRABILITY	12	.74



**A STUDY ON MERGERS AND BANKS PERFORMANCE IN INDIA**

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**ABSTRACT**

*In today's globalised economy, mergers and acquisitions (M&A) are being increasingly used the world over, for improving competitiveness of companies through gaining greater market share, broadening the portfolio to reduce business risk, for entering new markets and geographies, and capitalizing on economies of scale etc. This research aims at evaluating the synergies gained from bank mergers by dividing them into two categories of forced mergers and market driven mergers. The result indicate that market have reacted negatively to the announcement of forced mergers while the reaction has been positive to that of market driven mergers. In line with the market expectation, forced mergers have not added any value to financial performance of merged banks in the post merger period. Although market driven mergers have not immediately improved the financial performance of merged banks, but they have improved the operating performance of merged banks and have provided these banks an edge over the competitors in terms of geographic dispersions and thus have provided a better vehicle growth.*

**KEYWORDS**

Driven Merger, Forced Merger.

**INTRODUCTION**

Mergers and acquisitions (M&A) and corporate restructuring are a big part of the corporate finance world. Globally mergers and acquisitions have become a major way of corporate restructuring and the financial services industry has also experienced merger waves leading to the emergence of very large banks and financial institutions. The key driving force for merger activity is severe competition among firms of the same industry which puts focus on economies of scale, cost efficiency, and profitability. The other factor behind bank mergers is the "too big to fail" principle followed by the authorities. Weak banks were forcefully merged to avoid the problem of financial distress arising out of bad loans and erosion of capital funds. The first approach relates to evaluation of the long term performance resulting from mergers by analyzing the accounting information such as return on assets, operating costs and efficiency ratios. A merger is expected to generate improved performance if the change in accounting-based performance is superior to the changes in the performance of comparable banks that were not involved in merger activity. An alternative approach is to analyze the merger gains in stock price performance of the bidder and the target firms around the announcement event.

The Mergers and acquisitions (M&A) has two types of approaches they are as follows.

**DRIVEN MERGERS**

There have been a few mergers in Indian banking with expansion, diversification, and overall growth as the primary objectives. The first of its kind in the post 1993 period was the acquisition of Times Bank by HDFC bank subsequently followed by Bank of Madura's acquisition by ICICI Bank.

**FORCED MERGERS**

Many small and weak banks have been forcefully merged with other banks mainly to protect the interests of depositors. Normally the acquiring bank takes up all assets and liabilities of the weak bank and ensures payment to all depositors in case they wish to withdraw their claims. In 2004 South Gujarat Local Area Bank was acquired by Bank of Baroda followed by Oriental Bank of Commerce acquired Global Trust Bank Ltd.

<b>BANK MERGERS IN INDIA</b>	
Period	Number of Mergers
Pre-nationalization of banks (1961-1968)	46
Nationalization period (1969-1992)	13
Post-reform period (1993-2006)	21
☐ Forced Mergers 13	
☐ Driven Mergers 5	
☐ Convergence of Financial Institutions in to Banks 2	
☐ Other Regulatory Compulsions 1	
Total number of mergers	80

(Source: Compiled from various publications of RBI)

**REVIEW LITERATURE**

- G. Mandelker (1970)** examines the profitability of mergers along such aspects as risk, growth, capital structure, income tax savings, earning per share. The conclusion drawn is that the long run profitability of acquiring firms is probably somewhat higher than that of comparable non-merging firms.
- Vardhana Pawaskar (2001)** compares the pre and post merger operating performance of Indian companies involved in merger by identifying their financial characteristics, the study finds that the mergers seem to lead to financial synergies and a onetime growth.
- Havrylychuk (2004)** observed that the reaction of stock market to 17 bank mergers and acquisitions during 1997-2001 was positive and most of the returns were realized before the announcement of merger.
- Survey—Grant Thornton (2006)** found that mergers and acquisitions are a significant form of business strategy today for Indian corporate. The main objectives behind any M&A transaction, for corporate today were found to be:

Objective behind the M&A Transaction	Response
To improve revenues & Profitability	33%
Faster growth in scale and quicker time to market	28%
Acquisition of new technology or competence	22%
To eliminate competition & increase market share	11%
Tax shields & Investment savings	3%

**STATEMENT OF THE PROBLEM**

Now-a-days mergers and acquisitions (M&A) are being increased in the global economy, for improving competitiveness of companies through gaining greater market share, broadening the portfolio to reduce business risk for entering new markets and geographies and capitalizing on economies of scale etc. This research study was aimed to study the impact of mergers on the operating performance and share price of acquiring corporate in banking, by examining some ratios in pre- merger and post-merger period.

**OBJECTIVE OF THE STUDY**

- To find the average abnormal return generated by the banks before and after merger.
- To find the operating performance of banks before and after merger.

**LIMITATION OF THE STUDY**

A major limitation of the study is that it has been undertaken with a small sample size that has made difficult to draw proper statistical inferences.

**RESEARCH METHDODOLOGY**

- The study is based on the analysis of performance after merger announcements; so the research design is based upon descriptive and analytical type.
- The secondary data is been used in the analysis because the closing price of the banks has been taken for the pre- merger and post- merger performance analysis from the stock market and the sample size selected is 30.
- The study covers two classifications as Bank mergers (Driven Merger & Forced Merger).
  - Driven mergers - HDFC, IOB, SBI and ICICI.
  - Forced mergers - BOB, FEDERAL, Oriental, and IDBI.
- The statistical tools used in the study are "Paired t' test" and "Regression"
- The financial ratios used in the study like operating profit margin, gross profit margin, net profit margin, ROCE, Return on net worth are taken to find out the financial performance of the banks in pre- merger and post-merger period.

**ANALYSIS AND INTERPRETATION****COMPARING MEANS – DRIVEN MERGER & FORCED MERGER****OBJECTIVE**

It is indented to study whether there is any significant difference in share prices of banks during pre and post merger period. To find out this the 't' test was applied.

**HYPOTHESIS**

**Ho** – There is no significant difference in Average abnormal return of banks before and after merger.

**H1** – There is significant difference in Average abnormal return of banks before and after merger.

**TABLE 4.1.1: COMPARISON OF AVERAGE ABNORMAL RETURNS GENERATED BY BANKS**

Bank	Period	N	Mean	T <sub>o</sub>
HDFC	Before merger	30	-0.974	1.69
	After merger	30	0.73	
IOB	Before merger	30	-0.334	1.32
	After merger	30	0.548	
SBI	Before merger	30	-0.523	1.10
	After merger	30	0.408	
ICICI	Before merger	30	-0.077	-0.3
	After merger	30	-0.316	
BOB	Before merger	30	-0.348	-0.01
	After merger	30	-0.356	
FEDERAL	Before merger	30	0.362	-1.36
	After merger	30	-0.374	
Oriental	Before merger	30	0.246	-0.84
	After merger	30	-0.500	
IDBI	Before merger	30	-0.999	0.27
	After merger	30	0.088	

**INFERENCES**

From the above tables, the value of  $T_o$  is less than table value (2.045) at 5% level of significance, so we accept the null hypothesis.

**OPERATING PERFORMANCE ANALYSIS – DRIVEN MERGER****OBJECTIVE**

It is intended to study whether there is any significant difference in operating profit margin, gross profit margin, net profit margin, ROCE, Return on net worth of banks during pre and post merger period. To find out this the 't' test was applied.

**NULL HYPOTHESIS**

There is no significant difference in operating profit margin, gross profit margin, net profit margin, ROCE, Return on net worth of market driven banks before and after merger.

**COMPARING MEANS – OPERATING PROFIT MARGIN - DRIVEN MERGER****TABLE 4.2.1: MEAN PRE-MERGER AND POST-MERGER OPERATING PROFIT MARGIN FOR ACQUIRING BANKS**

Operating profit margin	Before merger	After merger	T(0.05)
HDFC	78.91	89.60	3.488
IOB	78.35	87.64	3.493
SBI	82.87	94.78	3.297
ICICI	87.84	97.46	1.508

**INFERENCES**

From the above table, the value of  $T_o$  is greater than the table value (3.182) at 5% level of significance for HDFC, IOB and SBI so we reject the null hypothesis. So it is concluded the operating profit margin have increased considerably after merger. In the other hand  $T_o$  is less than the table value (3.182) at 5% level of significance for ICICI. So we accept the null hypothesis.

**COMPARING MEANS – GROSS PROFIT MARGIN - DRIVEN MERGER****TABLE 4.2.2: MEAN PRE-MERGER AND POST-MERGER GROSS PROFIT MARGIN FOR ACQUIRING BANKS**

Gross profit margin	Before merger	After merger	T(0.05)
HDFC	77.76	85.53	2.336
IOB	77.18	86.62	3.598
SBI	81.23	83.76	2.664
ICICI	82.55	56.36	-2.720

**INFERENCE**

From the above table, the value of  $T_o$  is less than the table value (3.182) at 5% level of significance for HDFC, ICICI and SBI so we accept the null hypothesis. In the other hand  $T_o$  is greater than the table value (3.182) at 5% level of significance for IOB. So we reject the null hypothesis. So it is concluded the Gross profit margin have showed significant change after merger.

**COMPARING MEANS – NET PROFIT MARGIN- DRIVEN MERGER****TABLE 4.2.3: MEAN PRE-MERGER AND POST-MERGER NET PROFIT MARGIN FOR ACQUIRING BANKS**

Net profit margin	Before merger	After merger	T(0.05)
HDFC	13.88	17.25	3.180
IOB	15.96	15.52	-1.460
SBI	16.57	19.54	3.172
ICICI	11.46	14.35	1.202

**INFERENCE**

From the above table, the value of  $T_o$  is less than the table value (3.182) at 5% level of significance for HDFC, ICICI, SBI and IOB so we accept the null hypothesis.

**COMPARING MEANS – RETURN ON NET WORTH- DRIVEN MERGER****TABLE 4.2.4: MEAN PRE-MERGER AND POST-MERGER RETURN ON NET WORTH FOR ACQUIRING BANKS**

Return on net worth	Before merger	After merger	T(0.05)
HDFC	19.17	22.69	2.295
IOB	30.04	27.26	-1.500
SBI	28.93	32.67	2.268
ICICI	12.87	16	0.591

**INFERENCE**

From the above table, the value of  $T_o$  is less than the table value (3.182) at 5% level of significance for HDFC, ICICI, SBI and IOB so we accept the null hypothesis.

**COMPARING MEANS – RETURN ON CAPITAL EMPLOYED- DRIVEN MERGER****TABLE 4.2.5: MEAN PRE-MERGER AND POST-MERGER RETURN ON CAPITAL EMPLOYED FOR ACQUIRING BANKS**

ROCE	Before merger	After merger	T(0.05)
HDFC	1.06	1.2	1.052
IOB	1.22	1.16	-1.500
SBI	1.12	1.14	1.076
ICICI	0.65	0.88	0.518

**INFERENCE**

From the above table, the value of  $T_o$  is less than the table value (3.182) at 5% level of significance for HDFC, ICICI, SBI and IOB so we accept the null hypothesis.

**FINANCIAL PERFORMANCE – DRIVEN MERGER****TABLE 4.3: FINANCIAL PERFORMANCE (DRIVEN MERGER)**

RATIOS	Accepted	Rejected
Operating profit margin	1	3
Gross profit margin	3	1
Net profit margin	4	0
Return on net worth	4	0
Return on capital employed	4	0

**INFERENCE**

Out of four, market driven bank mergers three banks showed a significant change in operating profit margin and one bank showed a significant change in gross profit margin and remaining showed insignificant change.

**OPERATING PERFORMANCE ANALYSIS – FORCED MERGER**

**OBJECTIVE**

It is indented to study whether there is any significant difference in operating profit margin, gross profit margin, net profit margin, ROCE, Return on net worth of banks during pre and post merger period. To find out this the 't' test was applied.

**NULL HYPOTHESIS**

There is no significant difference in operating profit margin, gross profit margin, net profit margin, ROCE, Return on net worth of non-market driven banks before and after merger.

**COMPARING MEANS – OPERATING PROFIT MARGIN- FORCED MERGER**

**TABLE 4.4.1: MEAN PRE-MERGER AND POST-MERGER OPERATING PROFIT MARGIN FOR ACQUIRING BANKS**

Operating profit margin	Before merger	After merger	T(0.05)
BOB	79.57	79.61	0.005
Federal	80.43	83.25	0819
Oriental	85.94	80.30	-1.602
IDBI	108.74	100.89	-4.347

**INFERENCE**

From the above table, the value of  $T_o$  is less than the table value (3.182) at 5% level of significance for BOB, Federal, Oriental and IDBI. So we accept the null hypothesis.

**COMPARING MEANS – GROSS PROFIT MARGIN- FORCED MERGER**

**TABLE 4.4.2: MEAN PRE-MERGER AND POST-MERGER GROSS PROFIT MARGIN FOR ACQUIRING BANKS**

Gross profit margin	Before merger	After merger	T(0.05)
BOB	78.50	78.29	-0.032
Federal	78.41	81.83	1.002
Oriental	84.59	78.37	-1.593
IDBI	105.35	99.75	-3.802

**INFERENCE**

From the above table, the value of  $T_o$  is less than the table value (3.182) at 5% level of significance for BOB, Federal, Oriental and IDBI. So we accept the null hypothesis.

**COMPARING MEANS – NET PROFIT MARGIN- FORCED MERGER**

**TABLE 4.4.3: MEAN PRE-MERGER AND POST-MERGER NET PROFIT MARGIN FOR ACQUIRING BANKS**

Net profit margin	Before merger	After merger	T(0.05)
BOB	7.73	12.97	2.892
Federal	9.47	15.41	5.790
Oriental	10.57	15.02	4.224
IDBI	7.05	10.20	0.318

**INFERENCE**

From the above table, the value of  $T_o$  is greater than the table value (3.182) at 5% level of significance for Federal bank and oriental bank. So we reject the null hypothesis. So it is concluded the Net profit margin have increased considerably after merger and the increased showed significant change. In the other hand  $T_o$  is less than the table value (3.182) at 5% level of significance for BOB and IDBI. So we accept the null hypothesis.

**COMPARING MEANS – RETURN ON NET WORTH- FORCED MERGER**

**TABLE 4.4.4: MEAN PRE-MERGER AND POST-MERGER RETURN ON NET WORTH FOR ACQUIRING BANKS**

Return on net worth	Before merger	After merger	T(0.05)
BOB	12.43	17.23	1.575
Federal	19.27	19.32	0.009
Oriental	19.45	20.03	0.182
IDBI	7.05	10.20	1.011

**INFERENCE**

From the above table the value of  $T_o$  is less than the table value (3.182) at 5% level of significance for BOB, Federal, Oriental and IDBI. So we accept the null hypothesis.

**COMPARING MEANS – RETURN ON CAPITAL EMPLOYED-FORCED MERGER**

**TABLE 4.4.5: MEAN PRE-MERGER AND POST-MERGER RETURN ON CAPITAL EMPLOYED FOR ACQUIRING BANKS**

ROCE	Before merger	After merger	T(0.05)
BOB	0.72	0.95	1.055
Federal	0.76	1.12	3.787
Oriental	1.02	1.13	0.930
IDBI	0.57	0.55	-0.129

**INFERENCE**

From the above table, the value of  $T_o$  is less than the table value (3.182) at 5% level of significance for BOB, Oriental and IDBI. So we accept the null hypothesis. In the other hand the value of  $T_o$  is greater than the table value (3.182) at 5% level of significance for Federal Bank. So we reject the null hypothesis. So it is concluded there is significant change in Return on capital employed after merger.

TABLE 4.5: FINANCIAL PERFORMANCE (FORCED MERGER)

RATIOS	Accepted	Rejected
Operating profit margin	4	0
Gross profit margin	4	0
Net profit margin	2	2
Return on net worth	4	0
Return on capital employed	3	1

**INFERENCE**

Out of four forced bank mergers two banks showed a significant change in Net profit margin and one bank showed a significant change in ROCE and remaining showed insignificant change.

**FINDINGS**

From the analysis, the researcher has found mergers are favourable for banks, in terms of improving shareholders wealth, only when they are market driven. This is the reason why markets react positively to the stocks of these acquiring banks. On the other hand, when mergers were forced by regulatory agencies, they have deteriorated the wealth of shareholders during announcement period.

Furthermore the analysis of various financial ratios for both forced mergers and market driven mergers have showed weakened signals. But compare with forced mergers, market driven mergers were slightly better. It means market driven mergers have not brought immediate changes in the operating performance.

One of the reasons why forced mergers are value destroying is that most of these forced mergers were sick banks with healthy one to rehabilitate the former. So instead of bringing any improvements, these mergers burdened the acquiring banks with their huge non-performing assets, negative net worth and negative profitability.

**CONCLUSION**

From the above analysis it can be concluded that market driven mergers create wealth to shareholders but it doesn't create synergies in operating performance of the banks. On the other hand, forced mergers have not created wealth to shareholders as well as synergies in operating performance of the banks.

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## IMPACT OF MICROFINANCE ON POOR PEOPLE: A STUDY OF LIVING STANDARDS, EMPOWERMENT AND POVERTY ALLEVIATION IN THE DAVANAGERE DISTRICT OF KARNATAKA STATE

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### ABSTRACT

*Microfinance is provision of small amounts of institutional loans to low income people who could not access loans from formal sector finance. Major objective of extending the loans is to alleviate poverty by creating jobs and incomes. While reducing poverty, microfinance services are supposed to build asset bases of their clients to manage and cope up with risks. Microfinance programmes are also expected to empower women clients by improving their decision-making roles and self-esteem, among others. However, whether microfinance programmes are bringing about desired changes is debatable. With this background the present paper is aims to assessing the impact of microfinance on empowerment, living standard of poor people and poverty alleviation.*

### KEYWORDS

Empowerment, Living Standard, Micro-finance and Poverty Alleviation.

### INTRODUCTION

Microfinance programs have significant potential for contributing to women's economic, social and political empowerment. Access to savings and credit can initiate or strengthen a series of interlinked and mutually reinforcing 'virtuous spirals' of empowerment. Microfinance development has emerged as major strategy to combat the twin issues of poverty and unemployment that continue to pose a major threat to the polity and economy of both the developed and developing countries. A number of agencies- Government as well as Non-government Organizations- are, today involved in micro-finance development initiatives. For women, the development quagmire presents a challenge as to which way a reversal from 'development with women' into 'women with development' can be realized. From the 1990s, microfinance came to be seen as a window of hope by development agencies who largely trail economic development. Such zeal originates from the idea that microfinance can provide for 'killing two birds with one stone'. It can facilitate poverty reduction through improved quality of life on the one hand, and women's empowerment on the other. This means that through microfinance, women can be engaged in the market both for market efficiency gains and for their own gains in challenging hegemonic gender relations. To this end, the donor community, national governments, and other grass root-based development agencies took microfinance high on their agenda.

### OBJECTIVE

In the light of research problem, the present study is aims to access the impact of Microfinance on living standards, Empowerment of the poor people and poverty alleviation in Davanagere of Karnataka.

### RESEARCH METHODOLOGY

The present study is mainly based on the primary data has been under taken in Davanagere District of Karnataka state about the impact of microfinance on poor people. The researcher chosen the respondents with a long experience in microfinance activities because they are well informed and know much about the pros and cons about its activities, so they can reflect better to questionnaire. The well-structured questionnaire has been utilized for collecting the data by interviewing the clients. Total 110 respondents have been selected by randomly for the interview. For analyse the data and draw the conclusion the simple statistical tools like mean, standard deviation were used in addition to regression analysis.

### DATA ANALYSIS AND INTERPRETATION

TABLE 1: DEMOGRAPHIC PROFILE OF THE RESPONDENTS

Variables	Measuring Group	Frequency	Percentage (%)
Gender	Male	18	16.37
	Female	92	83.63
	<b>Total</b>	<b>110</b>	<b>100</b>
Age (years)	<25	28	25.54
	25-40	71	64.55
	>40	11	10.0
	<b>Total</b>	<b>110</b>	<b>100</b>
Educational Levels (in years)	Illiterate	24	21.83
	1-5	51	46.37
	6-10	23	20.90
	>10	12	10.90
	<b>Total</b>	<b>110</b>	<b>100</b>
No. of Family Members	1-3	30	27.3
	4-6	43	39.1
	>6	37	33.6
	<b>Total</b>	<b>110</b>	<b>100</b>
Business Experience Before Joining MFI	Yes	21	19.1
	No	89	80.9
	<b>Total</b>	<b>110</b>	<b>100</b>

Source: Field Survey

Table 1 provides the information about the gender distribution of the respondents. It shows that 83.63% of the respondents were female and whereas 16.37% were male. The lion shares of the respondents were women that testify to the fact that most of the beneficiaries of microfinance are female because we have selected people randomly without any bias towards the gender.

There are good reasons to target women by MFIs, because gender discrimination is one of the major causes of poverty, slower economic growth, weaker governance and lower standards of living and women are poorer and more disadvantaged than men. However, women contribute decisively to the well-being of their family comparatively more than men.

In terms of age, 64.55% of the respondents were in the age group of 25 to 40 years. 25.54% were less than 25 years of age and remaining 10.0% were 40 years and above. We also classified the respondents in terms of their educational experience. It could affect the way in which they manage and live their daily lives and manage the household and business.

From this survey, it realized that many of the respondents had at least basic primary education, which represents 46.37% of sample, however 20.90% had secondary educational experiences and only 10.90% had more than 10 years of educational experiences. Rest of the 21.83% had no educational background.

**TABLE 2: SOURCE OF STARTUP CAPITAL OF THE RESPONDENTS**

Variables	Measuring Group	Frequency	Percentage (%)
Source of Start up capital	Personal Savings	5	4.54
	Friends or Relatives	7	6.36
	Loan from MFIs	86	78.18
	Other Sources	12	10.90
	Total	110	100

Source: Field Survey

Table 2, shows the source of startup capital of the respondents. 78.18% of total respondents have taken their loan from MFIs. Rest of them have either borrowed money from friends and relatives or have started business from their personal savings. It implies that MFIs is the major source of initial capital and is playing a significant role in helping poor people to start their own business.

**TABLE 3: AMOUNT OF LOAN TAKEN FROM MFIs**

Characteristics	Measuring Group	Frequency	Percentage (%)
Amount of Loan Received from MFIs ( in thousand Rs)	<5	38	34.54
	5-10	60	54.54
	>10	12	10.91
	Total	110	100

Source: Field Survey

In the table 3, analyzed the loans granted to individuals on three different scales, less than Rs. 5000, Rs. 5 to 10000 and more than Rs. 10000. Majority of granted loans, around 90% are within Rs. 10000, which implies that MFIs, basically emphasize on micro-credit. Few of respondents also got loan above Rs. 10,000, which goes into another criteria of loan offered by MFIs. Indirectly, the result shows that, the lack of sufficient capital to start up a medium-scale business due to less amount loan offered by MFIs.

**TABLE 4: GENERAL DESCRIPTIVE STATISTICS**

Variables	Mean	S.D	Standard Error Mean
Reasonability of Interest Rate of Micro-Credit	2.96	1.009	0.097
Procedure of Loan Taking	4.01	0.726	0.070
Operational Assistance	3.39	0.891	0.085
Operational Assistance	2.86	0.938	0.090

Source: Field Survey

The table 4 displays the mean, standard deviation and standard error mean for four variables, procedure of loan taking, operational assistance, employment opportunity and reasonability of interest rate of micro credit. All the variables show the satisfaction level to be more than average level of satisfaction (2.5).

**TABLE 5: T-TEST OF DIFFERENT VARIABLES**

Characteristics	Test Value	t-statistics	Degrees of Freedom	Significance Level	Mean Difference	95% Confidence Interval	
Reasonability of Interest Rate of Micro-Credit	2	9.972	0.000	0.000	0.963	0.77	1.15
Procedure of Loan Taking	3	14.504	108	0.000	1.009	0.87	1.15
Operational Assistance	3	4.513	108	0.000	0.385	0.22	0.55
Employment Opportunity	2	9.603	108	0.000	0.862	0.68	1.04

Source: Field Survey

To examine the statement, interest rate of micro-credit is reasonable or not, we developed hypotheses and agreed upon the level of significance for rejecting/accepting the hypothesis. Survey respondents indicated their perceptions using the scale, with 5 = strongly agree and 1 = strongly disagree. We took the null hypothesis to be, borrowers are less satisfied than the average level of satisfaction (2.5), in terms of the interest rate of micro credit. Therefore, the alternative hypothesis is the borrowers are satisfied more than the average satisfaction level. The analysis in the table 5 demonstrates that the null hypothesis is rejected and it is strongly significant. So study results are in favor of alternative hypotheses. This means that the satisfaction level of the respondents, about the interest rate of micro-credit, is more than average satisfaction level. From this study, it can conclude that the level of average satisfaction is quite high.

**TABLE 6: REGRESSION ANALYSIS BETWEEN INCREASE OF INCOME AND ROLE IN DECISION-MAKING PROCESS (ANOVA)**

Model	Sum of Squares	Df	Mean Square	F	Sig.
Regression	8.704	1	8.704	14.191	0.000(a)
Residual	65.626	107	0.613		
Total	74.330	108			

Source: Field Survey

Note: a) Predictors: (Constant), increase of income

b) Dependent Variable: Role in decision-making process

**TABLE 7: REGRESSION ANALYSIS BETWEEN INCREASE OF INCOME AND ROLE IN DECISION-MAKING PROCESS (COEFFICIENT VALUES)**

Model	Unstandardized Coefficients		Standardized Coefficients		t	Sign.
	B	Std. Err.	Beta			
Constant	1.755	0.386	0.342	4.542	0.000	
Increase of income	1.388	0.103	3.767	3.767	0.000	

Source: Field Survey

Note: Dependent Variable: Role in decision-making process

TABLE 8: REGRESSION ANALYSIS BETWEEN IMPROVEMENT OF LIVING STANDARD AND DIFFERENT VARIABLES (COEFFICIENTS)

Model	Unstandardized Coefficients		Standard coefficients	t	Sig.
	B	Std. error	Beta		
(Constant)	1.299	0.364		3.564	0.001
Better access to Education	0.262	0.103	0.240	2.553	0.012
Better access to Healthcare	0.192	0.082	0.218	2.354	0.020
Better financial Situation	0.316	0.069	0.369	4.546	0.000

Source: Field Survey

Note: Dependent Variable: Improvement in living standard

In the above tables, we consider improvement in the living standard of family as dependent variable and better access to education, better access to healthcare, better financial situation of the family as independent variables. Here is our null hypothesis state that there is no relationship between improvements in the living standard of family and better access to education, better access to healthcare and better financial situation of the family. Where are the alternative hypothesis states that better access to education, better access to healthcare and better financial situation in the family are related to the improvement in the living standard of the family.

Information provided in the Coefficients table tells us, which of the independent variables are significant predictors of improvement in the living standard of family. In the significance column, it is noticed that beta coefficients for access to education, access to health care and better financial situation in the family are all significant. Using the beta coefficient for better financial situation in family, for example, it can be conclude that every time the financial situation in the family increase by 1 unit, improvement in the living standard of family will increase on average by 0.369 units, when the other variables are held constant. Information in the coefficients tables reveals that better financial situation in the family is the most significant predictor of improvement in the living standard of family, with a high beta coefficient 0.369 (probability of 0.000).

## CONCLUSION

The goal of this research was to study the impact of microfinance on reduction of poverty through improvement of living standards and increasing empowerment of poor and marginalized quarter of the society.

The analysis of data using the survey we had done, demonstrates that almost 83.63% clients of MFIs are women and most of them just had primary education. Most of the women started their business by taking loan from MFIs as compared to other sources. They were able to increase their income and provided not only with the financial help to their families but also had positive impact on other factors of daily life. These poor women brought about a positive change to their financial and social situation and started taking active part in the decision making process of the family and society. The results obtained from our analysis regarding the success of increasing role in decision making process in the family, reveals that microfinance schemes are highly associated to build up of social and economic empowerment.

To sum up, it can be noticed from overall analysis that there is significant impact of microfinance activities on improvement of the living standard of the family not only in economic term but also in social term. From this study, the researchers have come to the conclusions that there is a noticeable and positive impact of microfinance activities on the living standards, empowerment and poverty alleviation among the poor people in the society.

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**INDIA'S SPECIAL ECONOMIC ZONES: DEVELOPMENT AND EXPORT PERFORMANCE**

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**ABSTRACT**

*Special Economic Zone policy in India was implemented with many objectives like export promotion, employment generation, earning foreign exchange etc. This paper made an attempt to shade light on the export performance of SEZs. First half of this paper explained the stages of EPZ to SEZ development in India. After fourth stage a brief on fiscal and non-fiscal benefits given to SEZ developers and units are given to focus on the specialty of SEZ policy. Second half of this paper focused on export performance of SEZ for a time series of 18 years followed by zone specific export performance and sector specific performance. By this analysis at first it is found that export of SEZ is increasing in absolute value, it is also found that only few zones and few sectors have fair export performance which raised few questions in concluding remark which opens new window for further research.*

**KEYWORDS**

Export, Central Government (CG) established SEZs, Special Economic Zones (SEZs), Stages of development.

**INTRODUCTION**

Many countries such as Hong Kong, Taiwan, Malaysia, Indonesia and South Korea adopted the model of export oriented economic growth in the 1960s along with creation of special export oriented facilities such as Free Trade Zone (FTZ), Export Processing Zones (EPZ) where as worlds first export zone was set up in Ireland in 1958. Seven years after, Indian government set up its first EPZ at Kandla (Gujarat) in 1965 which was also the first in Asia. It was followed by the Santacruz export processing zone followed by five other public sector zones at Noida (Uttar Pradesh), Falta (West Bengal), Cochin (Kerala), Chennai (Tamil Nadu) and Visakhapatnam (Andhra Pradesh). In 1998 a private sector EPZ became operational at Surat (Gujrat). After implementation of SEZ policy all public sector EPZs are converted in to Special Economic Zones (SEZ). SEZs are recognized as an important mechanism for trade and investment promotion, creation of infrastructure, employment generation, promotion of regional development, increase in foreign exchange earnings, improving export competitiveness and transfer of skills and technology. The basic objective of setting up EPZs/SEZs in India is to promote exports and foreign exchange earnings.

**WHAT IS EPZ AND SEZ**

EPZ or Export Processing Zone is that whose economic laws are different from the laws of country but they are designed to help the manufacturing companies that are exporting their entire production. EPZ has the sole aim to produce goods for export. The manufacturing units are given tax holiday for a fixed period of time so as to make the product competitive in the international market.

SEZ or Special Economic Zone is an area in a country that is selected by the government for its development. This area has economical laws completely different from the laws of the country. These laws are made in such a manner so that they are business friendly to attract people to set up manufacturing, trading or service establishments. The establishments in SEZ can be established by foreign or native investments and the products can be sent exported or sold within the country.

**OBJECTIVES OF THE STUDY**

- 1) To know the stages of development of exporting zones
- 2) To find the export performance of EPZs/SEZs
- 3) To find the export performance of Government established SEZs.

**METHODOLOGY**

Considering the above objectives this paper has used published research papers, working papers and reports for literature review and to find out the stages of development of EPZs/SEZs. To find out the export performance of EPZs/SEZs secondary data is used which is collected from various government reports, books, research articles and web-sights providing data. Instead of using any statistical techniques the export performance is shown by graphical presentation.

**STAGES OF EPZ/SEZ DEVELOPMENT IN INDIA**

In India there are four stages of development of these exporting Zones<sup>1</sup> which starts after 1960 and reaches at the beginning of SEZ policy instrument.

**STAGE 1<sup>st</sup>**

The first stage started with the establishment of Kandla EPZ (KFTZ) in 1965 which was India's as well as worlds first EPZ. This was followed by Santacruz Electronics Export Processing Zone (SEEPZ) which was set up at Mumbai in 1974. At this stage, there was no clarity of objectives for setting up these zones KFTZ was primarily meant for the development of Kutch area. SEEPZ was established for manufacture of electronics. Later on Gems and Jewellery added to it. The Government of India appointed three committees to review the working of these zones. Kaul Committee (1978) to review KFTZ, Review Committee on Electronics in 1979 for the review of SEEPZ. Finally, Tondon Committee (1980) reviewed both the zones. Tondon committee called for establishment of additional EPZs for expansion of India's exports.

**STAGE 2<sup>nd</sup>**

Second stage starts from 1984 because as per the Tondon Committee's report four new EPZs were established between 1984 and 1987 at Noida, Falta, Cochin and Chennai. Visakhapatnam EPZ in Andhra Pradesh was established in 1989. Thus, this phase witnessed the establishment of 5 zones.

**STAGE 3<sup>rd</sup>**

Third stage starts with the reform in India since 1991. Government took several initiatives for revamping EPZ policy. During the period of ten years, about 146 circulars were issued by Central Board of Excise and Customs, DGFT and RBI for relaxation of controls and simplification of procedures relating to operation of

EPZs and Export oriented units (EOU). The scope and coverage of EPZs/EOU scheme was also enlarged in 1992 by permitting agriculture, horticulture and aquaculture sector units. Later on trading, re-engineering and reconditioning units were also included under the scheme.

**STAGE 4<sup>th</sup>**

This stage is an important stage of policy reform for the development of Indian export zones. After looking a massive export growth of China the EXIM policy of India for 1997-2002 came up with the concept of Special Economic Zone (SEZ). This concept provided additional benefits to EPZs like extra tax incentives, freedom for work, enhanced infrastructure etc. With this policy change, all the existing EPZs have been converted into SEZs in two phases, year 2000 and 2004 respectively.

**FISCAL AND NON-FISCAL BENEFITS GIVEN TO SEZ DEVELOPERS AND UNITS<sup>2</sup>**

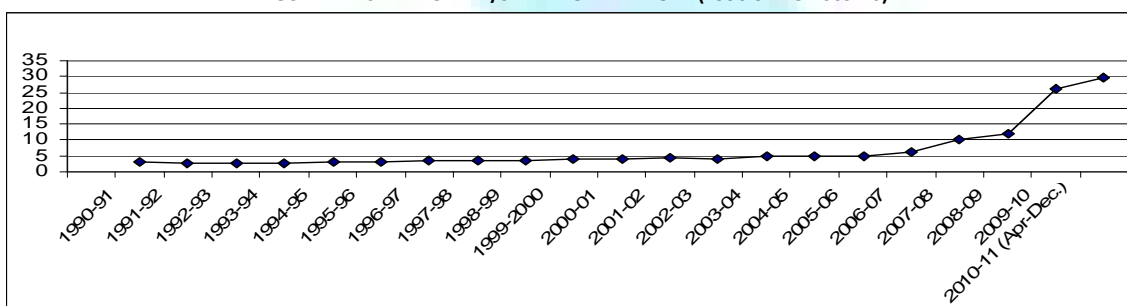
- i. 100% income tax exemption for a block of five years and an additional 50% tax exemption for two years thereafter
- ii. 100% FDI in the manufacturing sector permitted through automatic route, barring a few sectors.
- iii. External commercial borrowings by SEZ units upto US\$500 million in a year without any maturity restrictions through recognized banking channels.
- iv. Facility to retain 100% foreign exchange receipts in Exchange Earners' Foreign Currency Account.
- v. 100% FDI permitted to SEZ franchisee in providing basic telephone services in SEZs.
- vi. No cap on foreign investment for small scale sector reserved items.
- vii. Exemption from industrial licensing requirements for items reserved for the SSI sector.
- viii. No import licence requirements
- ix. Exemption from customs duties on import of capital goods, raw materials, consumables, spares etc
- x. Exemption from Central Excise duties on procurement of capital goods, raw materials, consumable spares etc., from the domestic market.
- xi. No routine examinations by Customs for export and import cargo.
- xii. Facility to realize and repatriate export proceeds within 12 months.
- xiii. Profits allowed to be repatriated without any dividend-balancing requirement.
- xiv. Job work on behalf of domestic exporters for direct export allowed.
- xv. Subcontracting both domestic and international is permitted; this facility is available to jewellery units as well.
- xvi. Exemption from Central Sales Tax and Service Tax

**EXPORT PERFORMANCE OF INDIAN EPZs/SEZs**

**SHARE OF EPZs/SEZs IN TOTAL EXPORT OF COUNTRY**

This paper provides summary information on EPZ/SEZ exports across the study period of 18 years. It shows that while EPZ exports in absolute terms increased phenomenally across the 18 years. In 1990-91 it was 986.66 crores followed by 6707.9 crore in 1999-2000 further it has increased to 66638 crore (Refer Annexure A). Figure 1.1 shows that the share of EPZ export in countries export was 2 to 3 percent but after the inclusion of SEZ scheme (as per EXIM policy) share of SEZ/EPZ has remained more than 4 percent.

**FIGURE 1.1: SHARE OF EPZ/SEZ IN TOTAL EXPORT (1990-91 TO 2009-10)**

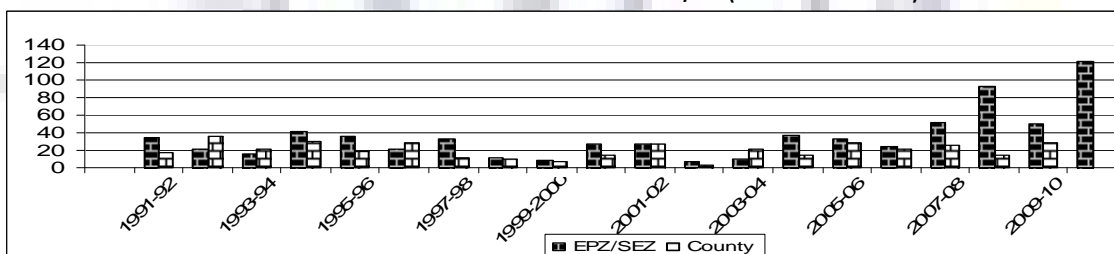


Source: Data compiled from RBI Hand Book, web sight indiastat.com and Ministry of commerce and The performance of India's export processing zones - Kundra, A. (2000).

**EXPORT GROWTH OVER LAST YEAR FOR INDIA AND EPZs/SEZs**

EPZ/SEZ export has increased in India in absolute values it seems impressive. Was it a natural rate of growth? To address this question we analyzed the export growth of EPZs/SEZs and export growth of country over last year. It is interesting to note from this analysis that except four years from 1990-91 to 2007-08 all other years shows greater export growth of EPZs/SEZs over last year than India's total export. It is also important to note that in some years export growth of the zones is more than double than countries export growth (Refer figure 1.2).

**FIGURE 1.2: EXPORT GROWTH OF COUNTRY AND EPZ/SEZ (1990-91 TO 2009-10)**

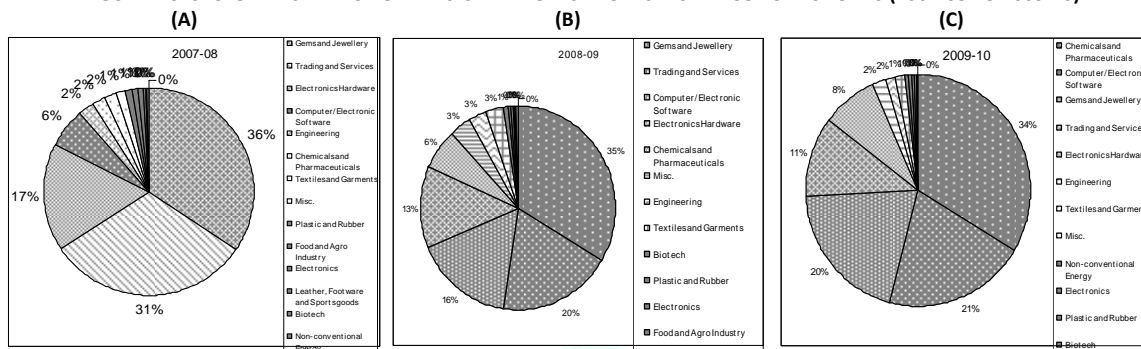


Source: Data compiled from RBI Hand Book, web sight indiastat.com and Ministry of commerce and 'The performance of India's export processing zones' - Kundra, A. (2000).

**SECTOR-WISE VALUE OF PHYSICAL EXPORTS FROM SPECIAL ECONOMIC ZONES OF INDIA**

Figure 1.4 provides a view of the sectoral patterns of EPZ/SEZ exports. In the 2007-08, Gems and Jewellery sector accounted for the largest share (36%) in exports followed by Trading and Services and Electronics hardware in that order with 31 and 17 percent share. By the late 2008-09, the share of Electronics hardware started declining and it went on third position. Gems & jewellery and Trading & services remained on first and second position respectively. In 2009-10 Chemicals and Pharmaceuticals took first position with 34 percent share followed by computer/Electronic software (21%) and Gems and jewellery (20%). Trading and services went on fourth position with 11%. Other sectors namely Engineering, Textiles and Garments, Non-conventional Energy, Electronics, Plastic and Rubber, Biotech, Leather, Footware and Sports goods, Food and Agro Industry and Handicraft comprises very little share in EPZ/SEZ exports.

FIGURE 1.3: SECTOR-WISE VALUE OF PHYSICAL EXPORTS FROM SPECIAL ECONOMIC ZONES (2007-08 TO 2009-10)



Source: Data compiled from the web sight <http://www.indiastat.com>

**CENTRAL GOVERNMENT ESTABLISHED SEZs**

**SUMMARY OF PHYSICAL EXPORT FROM SEZs: BY CATEGORY**

SEZs can be categorized on the basis of their establishment as Central Government (CG) SEZs, State govt/pvt. SEZs prior SEZ Act 2005 and SEZs notified under this Act. The export from this category of zones shows 20.26 percent export from central government established SEZs during 2009-10. These zones are namely Kandla SEZ, SEEPZ SEZ, Noida SEZ, MEPZ SEZ, Cochin SEZ, Falta SEZ and Visakhapatnam SEZ.

TABLE 1.1: SUMMARY OF PHYSICAL EXPORT FROM SEZs DURING 2009-10

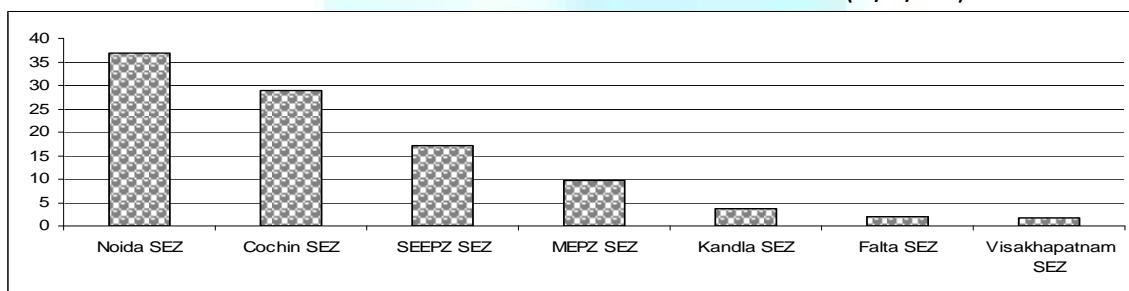
Zone established by	Export in Rs crores	Percentage
Central Govt. SEZs	58036.86	26.30
State Govt/pvt. SEZs established prior to SEZ Act, 2005	44728.93	20.26
SEZs notified under SEZ Act, 2005	117945.6	53.44
Total	220711.39	

Source: Data compiled from the web sight <http://www.indiastat.com>

**EXPORT PERFORMANCE OF CENTRAL GOVERNMENT ESTABLISHED SEZs**

Of the operational seven CG established Special Economic Zones only two SEEPZ and Noida SEZ have well in their export performance. SEEPZ has contributed more than 40% in total export of public sector zones since 2003-04 to 2006-07 where as Noida contributed between 12 to 31 percent. Though Kandla zone got fame for its old establishment but it has contributed only 6 to 8 percent during this period. Other public sector zones like Madras SEZ, Cochin SEZ, Falta SEZ and Visakhapatnam SEZ have very little export performance and contributing only 2 to 10 percent in total export of these seven zones. Recently data available on [www.sezindia.gov.in](http://www.sezindia.gov.in) shows that as on 31/03/2010 Noida SEZ contributed around 37% of the total export from CG established SEZs, followed by CSEZ (29%), SEEPZ (17%) and MEPZ (10%).

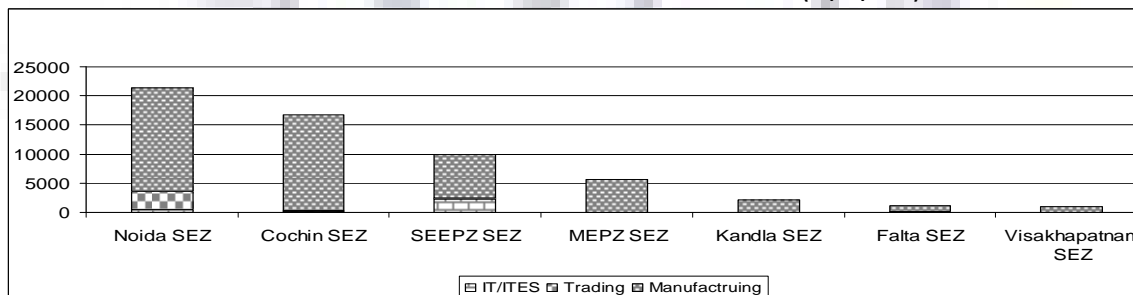
FIGURE 1.4: EXPORT FROM SEZs ESTABLISHED BY CENTRAL GOVERNMENT (31/03/2010)



Source: Data compiled from the web sight [www.sezindia.gov.in](http://www.sezindia.gov.in)

Sector wise distribution of export from CG established SEZ shows that share of manufacturing export is very large for each zone. Export from trading is on second number where as IT/ITES stands on third number. (Ref. Figure 1.5).

FIGURE 1.5: SECTOR WISE EXPORT FROM CG ESTABLISHED SEZs (31/03/2010)



Source: Data compiled from the web sight [www.sezindia.gov.in](http://www.sezindia.gov.in)

**CONCLUSION**

The India's Special economic or export zones have gone through four stages of development where in fourth (not last) stage abundant fiscal and non fiscal incentives are given. But by the above analysis there are four concluding remarks for export performance of EPZs/SEZs. At first it can be concluded that export performance of Special Economic Zones is fair and accounted for nearly more than 4 percent of the total export from the India than that of 2 to 3 percent before the SEZ scheme. Exports have increased over a time in absolute value and good export growth over a last year than countries export growth. But considering the Fiscal and non-fiscal benefits given to SEZ developers and units is it a satisfactory export performance? This question opens new window for further research. Second it is observed that among the seven public sector zones export performance is centered to only SEEPZ and Noida SEZ. So again there is a question on the

zone specific export performance. Third, sector-wise export performance is concentrated to five sectors (only). They are namely Gems and Jewellery, Chemicals and Pharmaceuticals, Trading and Services, Computer/Electronic software and Electronics hardware. Can this few sector specific performance face the market risks? So there is still long way for the better export performance of Special Economic Zones.

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## ANNEXURE

### ANNEXURE – A: ABSOLUTE EXPORT OF EPZ/SEZ AND INDIA, SHARE OF EPZ/SEZ IN COUNTRY'S EXPORT, GROWTH OVER LAST YEAR FOR BOTH. (1990-91 TO 2007-08)

Year	Export from EPZ/SEZ (Rs in Crore)	Export from Country (Rs in Crore)	Share of EPZ/SEZ in total export	Growth of EPZ/SEZ export over last year	Growth of county's export over last year
1990-91	986.66	32557.6	3.03	33.74	17.71
1991-92	1192.08	44041.8	2.70	20.81	35.27
1992-93	1379.59	53688.3	2.56	15.72	21.90
1993-94	1959.91	69751.4	2.80	42.06	29.91
1994-95	2658.06	82674.1	3.21	35.62	18.52
1995-96	3235.62	106353.3	3.04	21.72	28.64
1996-97	4309.09	118817.1	3.62	33.17	11.71
1997-98	4809.2	130100.6	3.69	11.60	9.49
1998-99	5252.5	139753.1	3.75	9.21	7.41
1999-2000	6707.9	159561.4	4.20	27.70	14.17
2000-01	8552.3	203571	4.20	27.49	27.58
2001-02	9189.55	209018	4.39	7.45	2.67
2002-03	10056.62	255137.3	3.94	9.43	22.06
2003-04	13853.58	293366.8	4.72	37.75	14.98
2004-05	18314	375339.5	4.87	32.19	27.94
2005-06	22840	456417.9	5.00	24.71	21.60
2006-07	34615	571779.3	6.05	51.55	25.27
2007-08	66638	655863.5	10.16	92.51	14.70
2008-09	99689	840755	11.85	49.6	28.2
2009-10	220711	845534	26.10	121.4	0.6
2010-11 (April-Sept. 2010)*	2,23,132	-	-	47	-

\* Provisional

Source: Data compiled from RBI Hand Book, web sight indiastat.com and Ministry of commerce and The performance of India's export processing zones - Kundra, A. (2000).

**THE RE-VITALIZATION OF KHADI - A NEED OF THE HOUR: A CASE STUDY AT SANGRUR (PUNJAB)****RAKESH MISHRA****DEPUTY REGISTRAR (ACCOUNTS & AUDIT)****SANT LONGOWAL INSTITUTE OF ENGINEERING & TECHNOLOGY  
LONGOWAL****DR. P. K. JAIN****ASSOCIATE PROFESSOR****DEPARTMENT OF MANAGEMENT & HUMANITIES  
SANT LONGOWAL INSTITUTE OF ENGINEERING & TECHNOLOGY  
LONGOWAL****ABSTRACT**

*Sheen of Khadi is faded now, needs re-vitalization by an effective dose to be given by Government of India, Khadi and Village Industries Commission (KVIC), Khadi Industries (KIs), non-Governmental Organisations (NGOs) and the like. Concerted efforts are needed by them in favour of Research and Design (R&D) work, training to artisans, market – survey to note who wants what. A very good infrastructure, Financial as well as Political Support, borrowing high-tech to complete internationally, giving an impressive exposure to quality Khadi, through mass-media in a bid to make our young generation of 21<sup>st</sup> century socially aware and awakened is the need of the hour today. 'Khadi' is our national pride should now be recognized as 'National Fabric' 'National Flag', 'National Dress', 'Symbol of National Economy' and what not more, as dreamt by Mahatma Gandhi, our Father of the Nation. We do not lack manpower, natural resources, finances or infrastructure in our country however, we lack only will power. If it is brought on the way we can definitely bring our India once again on glittering globe ahead of Japan, Indonesia, Switzerland, Singapore, Malaysia and China even. We should try to revive it as 'Quality Khadi', out lost glory with full sincerity. It is hoped that Ministry of Micro, Small and Medium Enterprises (MMSMES) can play more effective and better role, in this direction.*

**KEYWORDS**

Sheen, Marginalization, Glittering, Revolutionize, Vigours.

**INTRODUCTION**

**K**hadi' has been our national pride as a sacred National Fabric. Just to enhance its pride, it is needed to support *de-centralization* of our national economy at village level where there is the heart of khadi work, needs to be more focused in terms of its strength's and weaknesses. Mahatma Gandhi, our Nation-Father has taught Indians and to those residing abroad, a lesson of clothing sense of wearing or using khadi and clothing ethics against the mill-cloth coming to India from Britain, and its undue taxation on weavers, spinners and cloth-makers specially in India. Mahatma stressed on spinning khadi, a different kind of cloth, with a difference of superior quality. Hand spinning was emphasized for clothing with a conscience by the skilled spinners. Undoubtedly, in pre and post independence era, 'khadi' had been used as synonym of Mahatma Gandhi and Mahatma Gandhi as 'Khadi'. It was commonly known as 'khadi' or 'khaddar' throughout India which was woven using hand-spun yarn, by men, women, peasants, artisans and even by labourers. The cloth became a key symbol of India's freedom struggle from British rule. Mahatma Gandhi was no doubt, a great soul with great vision having a great idea of elevating the living standard of Indians through this national cloth for *self-sufficiency*. Generation of employment to the Indians was the hidden agenda of the movement.

Further, his aim was to boost Indian Economy through cottage industry of 'Khadi' in every home of villages named as '*Swa-deshi*'. Begali actively participated in it and promoted this '*Swa-deshi*' movement through Indian produced hand-spun cloth. By embracing khadi cloth, this had become the dress of every Indian-traditionally the dress of every labourer, tribal, artisan and every spinner of the country. All the national leaders and citizens including Mahatma Gandhi himself adopted khadi in form of white kurta, white dhoti, white topi (cap)/Pagdi (Turban) which had become then the National Dress. Resultantly, the sale of foreign cloth and its import from Britain was boycotted by almost all the Indians – rather burnt whether these were in their custody. During this movement of Swa-deshi, the Congress Party used it as official national uniform and secondly, used this wheel of progress (symbol of charkha) at the centre of the National Flag (Tri-Colour) made of 'khadi' only. The promotion of 'khadi' was thus, in the main national agenda.

'Khadi' at the subsequent stage in India was reformed and developed to refer as 'khadi'- silk and 'kahi-wool', through hand-knit-cotton and silk by the Indians. It was recognized by all, much cheaper than machine-knit-yarn mill-cloth, coming from Europe to use. It was much imported in Europe to use it as raw material and after dyeing it again exported to India as Lion Cloth at much higher rates, which was opposed into-to by all the Indians through 'khadi'(swa-deshi) campaign. Therefore, Khadi clad Mahatma with white dhoti kurta-pagdi had an impact on rest of the Indians, his followers in particular, not in India but in abroad too.

In post independence era, it was Mahatma's dream that Khadi would be the every day dress of all the Indians, however, it could be insignificantly achieved. Love towards the sacred national cloth could not be sustained. It could be retained only in political arena. 'Khadi' had been more *marginalized* owing to introduction of 'Globalisation' and 'Liberlization' of Indian Economy. Resultantly, khadi was merely stored in selling centres and its production was marked remarkably at low ebb.

Sustainable national character of 'khadi' needs its revival now-how to re-vitalize its use and role in Indian society at large. 'Khadi-Cotton', 'Khadi-Silk', 'Khadi-Polyester', 'Bio-Khadi' and 'coloured Khadi Garments' introduced by National Institute of Design (NID) and National Institute of Fashion Technology (NIFT), Khadi and village Industries Commission (KVSC) are not good enough, require something practical than its purity. It requires proper focus on what is the taste and trend of people of India; what it should be the Marketing-Strategy in today's perspective, so as to make 'khadi' more popular, more trendy and more tasty in view of the new trend of fashion today. Our Fashion Designers have done a lot in this direction still; they have to do a lot more because their efforts have been proved just like a drop of water on heated fry-pan. Finest khadi is the requirement of India-Today, with colours, its durability and low maintenance cost. Patriotic young trendy minds of India should come forward to *revolutionize* this khadi sector in form of Small and Medium Enterprises (SMES) best using rural/urban masses of India in terms of every home employment and to go ahead of China after learning lesson from Japan, Switzerland, Malaysia, Singapore etc. the small fries much *glittering* on the globe.

'Khadi' is much more than a Fabric for we Indians. We Indians have no less knowledge, skills, natural resources but to improvise natural or, Govt. resources with strong will. The Sheen of 'Home-made Hand-Spun khadi' may be brought on National/International screen once again by our strong will power. Number of Indian Fashion Designers like Ritu Kumar, Devika Bhogwani, Rohit Bal, Rakesh Thakore have helped to put khadi in fashion world. Government too, made efforts to promote it. KVIC, NID, NIFT have contributed well in order to conserve and promote India's natural and cultural Heritage-Khadi. M/s Volkart Foundation, a Swiss Charitable Trust in association with Indian National Trust for Art and Cultural Heritage (INTACH), an NGO have appreciated and took remarkable step in the recent past towards changing khadi's earlier image of being unfashionable. 'Preyasi', the Indian Designer, certified by GOI have launched

'Khadi Range Collection' and provided a glamorous platform for the Gandhian National Cotton. Sky is the limit-we have to do much more in this direction something to re-vitalize it and regain its lost healthy Sheen.

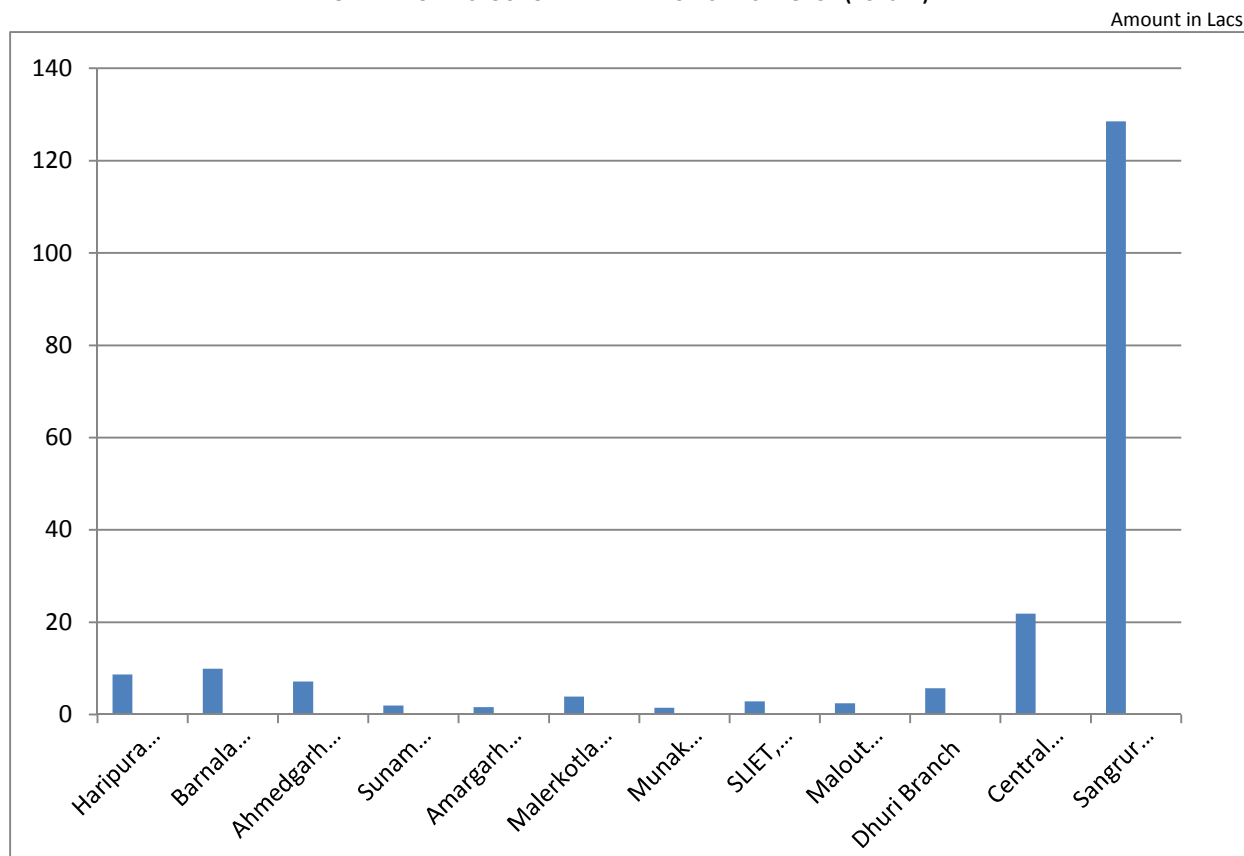
Why this cloth had lost its healthy Sheen? There were certain causes or weaknesses to it like, colours were limited, not durable, prone to *shrinkage* and high maintenance cost etc.. On the other hand, it bears some strength too, like bearing low cost of production, sweat absorbant, suiting to Indian climate conditions, touching almost every economic level of Indian society at large. We may say that much scope is there to revive this SME Sector for better Indian Economy and new *vigour* to Mahatma's Dream. And, it will give rise to *enormous* employment, as well. It covers another big area of production of Consumers goods like Agro-based products, Hand-made paper, pickles, incense sticks, Floor-Mats, Toilet Soaps, Ceramics, Spices under 'Sarvodya' Scheme of Govt. of India. KVIC established in 1957 received an adequate Financial Grants time-to-time from Central Government, The Initial objectives of establishing KVIC were – Self Sufficiency, Door-to-Door Employment and producing items as per the requirement of the masses. It tried much to keep 'Khadi' alive and promote it, as National Fabric by establishing a huge network of retail outlets across the Nation.

It will not be out of place to mention here, that the recent introduction of 'Tencel Khadi' by Deepika Gobind, a Bangalore based Designer in association with Karnatka Khadi Board was remarkably good in the sense that it showed less-shrinkage because of a blend of khadi and Tencel in the ratio of 70:30 Variety and quality-wise it was good—it was easy to wash and wear with low maintenance cost. Still, there is a need to establish Research and Development (R&D) units to experiment with new changing patterns and public demand time and again, and to face today's challenges. It will require political as well as beaurocratic support and strong will of the people to raise demand of 'khadi with quality. Special advertising budgets are needed to promote this Fabric, through today's media. Khadi shops are also required to be at every National / International Airports of the country, Suiting to the taste and trends of the local consumers. KVIC should design the packing and marketing strategy, in order to face the challenges of Globalisation. GOI had been sanctioning some of subsidies, grants for the same, to this sector.

### CASE STUDY AT SANGRUR (PUNJAB)

<b>Name and Address of UNIT Branch visited</b>	M/s District Sangrur Khadi Gram Udyog Karyakarta Sangh, District Sangrur (Punjab)		
<b>Nature of Business</b>	Trading of Khadi Products and Products related to the Gramudyog Industry.		
<b>Office</b>	At Sangrur		
<b>Factory Function</b>	Earlier manufacturing was done but now-a-days, the finished goods are produced from other societies or from local manufacturers		
<b>Date of visit to the Unit Branch at Sangrur(Pb.)</b>	25 <sup>th</sup> August, 2009		
<b>Person to whom contacted at the Unit with Designation and their contact numbers</b>	1.Mr. Mohd. Bashir, The Secretary of Khadi Kavyakarta Sangh, Sangrur Contact # 09417766443 2.Mr. Rajendra Sharma, The Member of Khadi Karyakarta Sangh, Sangrur Contact # 094176-66354		
<b>Premises in which stock is kept</b>	Khadi Bhandar had twelve (12) Branches in all such as Central Store, Sangrur ; Sangrur Bhawan ; HP Road, Sangrur, Dhuri; Malerkotla ; Ahmedgarh, SLIET-Longowal, Amargarh, Barnala, Sunam. Moonak Branch and Malout Branch : These two branches have been closed from 31.03.2007. the stock kept there was transformed to central Warehouse, Sangrur. These branches on rented premises and have been vacated. So, these branches were not visited.		
<b>Stock Audit Report</b>	Vide letter # nil , dated 12.03.2007, M/s Dheeraj Lakhwara & Company-Chartered Accountants, Ludhiana have submitted its Stock Audit Report of M/s District Khadi Gram Udyog Karyakarta Sangh, Sangrur (Punjab) to the Chief Manager, Punjab National Bank , Patiala gate , Sangrur with certain observations. After going through the Stock Audit report, it has been observed there are twelve (12) branches in all, as already mentioned above. Out of these 12 two branches at Moonak and Malout have now been closed w.e.f. 31.03.2007.		
<b>Condition of Store</b>	On physical verification of Stores, the condition of stock was found not satisfactory. Undoubtedly, the stock was kept in Almirah and Racks however there was no proper keep-up of the stores. Huge layers of dust could be seen, piling up on almost all the items in major, of the branches. With the passage of time, the dust had even damaged the stock beyond alteration. Even in some branches, it appeared that the stock had not even being moved from their places for months together. The stock was not kept covered with polythene bags and no provisions had been made to stop dust from entering the place where stock was kept.		
<b>Financial Position</b>			
	a.	Sundry Debtors, as on 28 <sup>th</sup> February, 2007	Rs. 70 - 72 Lacs approx.
	b.	Sundry Creditors, as on 28 <sup>th</sup> February, 2007	Rs. 10 - 12 Lacs approx.
	c.	Insurance Policies, as on 28 <sup>th</sup> February, 2007	Insurance Policies 1.Rs. 163 Lacs and 2.Rs. 35 Lacs ,valid from- 1. 30.03.2006 to 29.03.2007 and 2. 04.12.2006 to 03.04.2007 Risk covered upto Rs. 198 lacs
	d.	Total Stock value at all the 12 Branches at Sangrur (as shown in graph, below)	Rs. 196.18 Lacs

GRAPH: TOTAL STOCK OF ALL 12 BRANCHES AT SANGRUR (PUNJAB)



**OVERALL VIEW:** As per Audit Report (2007), the overall condition of the Sangh was not good as on 12.03.2007. The financial condition of the Sangh was worsened a lot as they were not able to meet their day-to-day expenses. Some branches did not have any sale of Khadi Products in some month. The Sangh was surviving on Gramudhyog products like, Mehndi, Dhoop etc. It is due to frequent changes in likings of consumers and non-modernization of Khadi Sector. The Sangh had not been taking any aggressive steps to increase their sales nor, generated any demand from the customers.

The Mohd. Bashier, the Secretary had explained on 25.08.2009 during discussion that:

01. Total liability including Bank's advance and consortium Bank Credit (KVIC) was approximately Rs. 523 lacs;
02. A sum of Rs. 5 lacs per annum Financial Aid was received from Government which was quiet not sufficient to meet out such expenses;
03. 5% of total sale (Govt. – Subsidy) from Government of Punjab was awaited since 1994;
04. Neighbouring states like, Rajasthan, Gujrat, and Uttar Pradesh etc. were providing 10% - 15% Govt. subsidy to KVIC while Govt. of Punjab was offering only 5% but not paid so far;
05. Production was down as demand (Sale) was down; workers are resultantly unemployed;
06. Even no salary/wages/remuneration was regularly being paid to rural weavers/workers;
07. The condition of the stock which was bank's primary security, was adverse, as the stock was not saleable, due to this its worse condition or, due to adverse demand of the product in the market.

#### REASONS FOR SICKNESS IN KHADI SECTOR

- a) Lack of Demand of Khadi in general;
- b) Shortage of Working capital;
- c) Marketing Problems; and –
- d) Management Problems.

#### PROBLEMS OBSERVED

- a) Employment potential, not realized;
- b) Low wages earning;
- c) Stagnant production and Sale of 'Khadi'
- d) Inadequate Capacity of KVIC
  - i) Inadequate delegation;
  - ii) Insufficient skills
  - iii) Obsolete I.T and M.I.S
- e) Weak Khadi Institutions
  - i) Obsolete Production Technology;
  - ii) working Capital constraints;
  - iii) Limited Marketing capability;
  - iv) Govt. structure excludes weaver's participation
- f) Ineffective Khadi Policy and strategy
  - i) Weak marketing Policy;
  - ii) Poor Quality and cost of Raw Material and
  - iii) Repressive controls and support Schemes.

**SUGGESTIVE MEASURES FOR RE-VITALIZATION OF KHADI****A) SUGGESTION TO GOVERNMENT**

- Khadi – A need to recognize it as 'National Fabric' Government may think of declaring 'Khadi, a National Fabric/Cloth. Quality of production, be focused attentively;
- Well Advertisement in Television/Radio/Internet – To awake youth and attract them for use of Khadi maximum in the areas of their taste. Younger generation must be made aware of its social, historic and economic relevance. 'Television', Radio' and 'Internet' etc., the mass media should be used for utilizing Khadi in every sphere of life.
- Uniform Code, be implemented in all Government run/aided schools/colleges/Government Offices – It should be mandatory by official declaration of GOI/State Govt., Schools, Colleges, Government Offices like, Railways, P&T Department, HAL, BHEL, GAIL, CPWD/PWD/All corporations and other organized groups. A National Dress Code should be introduced in all these areas so as to maintain Indian Identity by the dress itself as Arabians, Nepalese, Bhutanese are recognized, all over the world; politicians should go abroad in the National Dress for the Identity/recognition;
- Punjab Government may think of more effective subsidy on rational and realistic basis, in competition to its neighbouring states. SMEs including Khadi Sector should be well supported with 'Reliefs and 'concessions by the Government to boost and promote it.
- National Flag made of Khadi on all Government Buildings – compulsory to hoist. Government by its notification may made it compulsory to all Government/Government aided buildings for hoisting the Nation Flag in Khadi only at its top.
- National Awards/Incentive –Giving Ceremonies to appreciate and encourage Manufacturers/Exporters/Designers/Users as Government Departments for adopting Khadi and motivating others for Khadi use and Khadi wears.
- Government may think of, for providing 'Raw Material' at subsidized rate and providing other infrastructural facilities. Government must come forward to motivate by exempting dues on all important fronts and 24-hour power supply to the manufacturers/exporters.

**B) SUGGESTION TO KVIC**

- KVIC may think of re-energizing its 'Research & Development Cell' for collecting information about market trends – conducting proper market survey study about who wants what for incorporating variety of choices in the production process of khadi;
- Survey based on 'High-Tech National Fashion Trends' to be incorporated to produce variety of clothes for young girls/boys/elders etc. KVIC may think of conducting periodical exhibitions of khadi-products with variety of colours and choices;
- KVIC may think of imparting 'Effective Training' to those who are directly and indirectly associated with production and sale process. Short-term training programmes may be arranged at district Head Quarter level in various regional languages to make it more effective;
- 'Khadi Marketing and Distribution System' should be made more intensified – Pvt. Sector, NGOs may also be permitted to open outlets through 'Public Distribution System' and 'Consumers Co-operatives'. In order to get large number of customers, khadi should be sold through travelling and roaming sales Agents to every nook and corner of rural/urban sectors;
- 'For Sales promotion', in urban market in particular, an attractive rebate should be offered at par with Handloom Sector. Handloom Sector provides 20% while khadi sector gives 14% only. This limit should be abreast with Handloom Sector rebate of 20% or, even more in view of tough competition;

**C) SUGGESTION TO OTHER KHADI INSTITUTIONS :**

- We the citizen of India through Khadi Institutions should think that anything may not be applied by force – there should be free will of people to accept/recognize it; and, it is not tough if we are in close association, touch with people of rural/urban market.
- Schools, colleges, Government Departments should be persuaded to buy in bulk, the Khadi clothes to be used as school uniform, Police uniform., Defence Uniform, Railway/P&T Uniform etc. and wherever it may possibly be applicable.
- 'Khadi' should not be solely dependent on KVIC only, it should make its strong local base at rural, urban and organizational level – through exhibition-cum-sale under attractive 'Rebate Scheme'.
- Khadi Institutions play a major role in production and marketing sphere. Artisans/workers have direly associated with these Institutions. They may ensure continued employment opportunities for local workers by increasing their earnings. However, if not all, some of them need better working conditions, better sales and marketing support. They need re-vitalize themselves in this manner.
- Khadi Institutions may think of spurring growth in khadi and, thus empowering workers by creating more chances of their participation in setting up of future ventures. This participating venture of workers with entrepreneurs may boost khadi growth well in the region.

**CONCLUSION**

Implementation Part is more important than merely considering suggestions. Under the overall effective monitoring of the Ministry of Micro, Small and Medium Enterprises (MMSMEs), these suggestions may be made more practical and executable, by minimizing disruptions in the way and providing Capacity-Building-Support to the Khadi Sector.

It is a considerable fact that there is no lack of manpower, Natural Resources, Knowledge, Skill or, any other thing in our country but, there is a lack of will-power. If it comes on the way, we may bring our India on glittering globe, ahead of china by boosting Small and Medium Enterprises (SMEs) in our country taking lesson or motivation from Japan, Switzerland, Singapore, Malaysia and the like.

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**VALIDATION AND EVALUATION OF BURNOUT AMONG NURSES****DR. BEJOY JOHN THOMAS****HEAD****JAMAL INSTITUTE OF MANAGEMENT****JAMAL MOHAMED COLLEGE****TIRUCHIRAPPALLI****DR. G. S. DAVID SAM JAYAKUMAR****ASST. PROFESSOR****JAMAL INSTITUTE OF MANAGEMENT JAMAL MOHAMED COLLEGE****TIRUCHIRAPPALLI****ABSTRACT**

Nursing personnel in the hospital play key role in delivery of health care services. People working in an environment, often filled with tension and unpredictable situations, are vulnerable to physical and psychological distress, and can become burnt out. The study tried to explore the validity of Maslach's burnout inventory for South Indian nurses, to measure the structural relationship between Burnout and its dimensions Emotional Exhaustion, Depersonalization and Personal Accomplishment and to identify the relationship between the dimensions of Burnout. Majority of the nurses were female, married and in the age group of 21 to 30 years. The method of Data collection adopted for the study was personal interview using a structured questionnaire. Job burnout was measured with 22 items of Maslach's Burnout Inventory. Confirmatory factor analysis (CFA) using AMOS 16.0 validated the measurement model prior to examining the hypothesized relationships. Structural equation modeling (SEM) analysis was employed to test the hypothesized relationships. The confirmatory factor analysis indicates that the measurement model of Maslach's inventory is valid for measuring the burnout of nurses. The hypothesized structural model indicated that when emotional exhaustion & Depersonalization increases among nurses it does not lead to an increase in burnout of nurses. Also, when nurses have a low score in personal accomplishment it leads to increased burnout. Therefore, the study indicates that nurses experience emotional exhaustion and act in a depersonalized manner during the course of their work. But, these factors do not lead to burnout among nurses. The structural model highlights that less personal accomplishment among nurses leads to increased burnout.

**KEYWORDS**

Burnout, South Indian Nurses, Maslach's burnout inventory, Confirmatory Factor Analysis, Structural Equation Modeling, AMOS.

**INTRODUCTION**

Hospital is an integral part of a social and medical organization, the function of which is to provide for the population a complete health care, both curative and preventive, and whose outpatient services reach out to the family and its home environment; the hospital is also a centre for the training of health workers for bio social research. A hospital, in the modern sense, is an institution for health care providing patient treatment by specialized staff and equipment, and often, but not always providing for longer-term patient stays. In the health care organization, work stress may contribute to absenteeism and turnover, both of which detract from the quality of care. Hospitals in particular are facing a workforce crisis. The demand for acute care services is increasing concurrently with changing career expectations among potential health care workers and growing dissatisfaction among existing hospital staff. By turning toxic work environments into healthy workplaces, researchers and nurse leaders believe that improvements can be realized in recruitment. Nursing personnel in the hospital play key role in delivery of health care services. Resource crunch is the limiting factor to achieve efficient and effective service. Shortage of nurses is currently a problem in several countries and an important question is therefore how one can increase the supply of nursing staff. Shortage of professional staff in a hospital can drastically increase operating costs and compromise the quality care. It may not always be true that the more manpower will yield more output. Deployment of nursing personnel in ward areas always remained a controversial matter and is considered as the major causes of inter-personnel conflicts in hospitals. It is a tedious task to carry out healthcare delivery for the masses without rationalizing human resources in the form of reallocation and redeployment of health care personnel. People working in an environment, often filled with tension and unpredictable situations, are vulnerable to physical and psychological distress, and can become burnt out. The profession of nursing demands high levels of responsibility and knowledge. In addition, nurses are also frequently the target of the frustration, anger, and the suffering of the patient and his family. For nurses, as for many people working in a service profession, chronically stressful circumstances are the norm at work and impossible to avoid. Nursing is cited as one of the most susceptible professions to burnout. The phenomenon is a combination of symptoms such as other workers, the department (in which the burned out nurse works), the patients and their families, the organization, and the reputation of the profession has the potential to damage the individual. These stresses can lead to burnout.

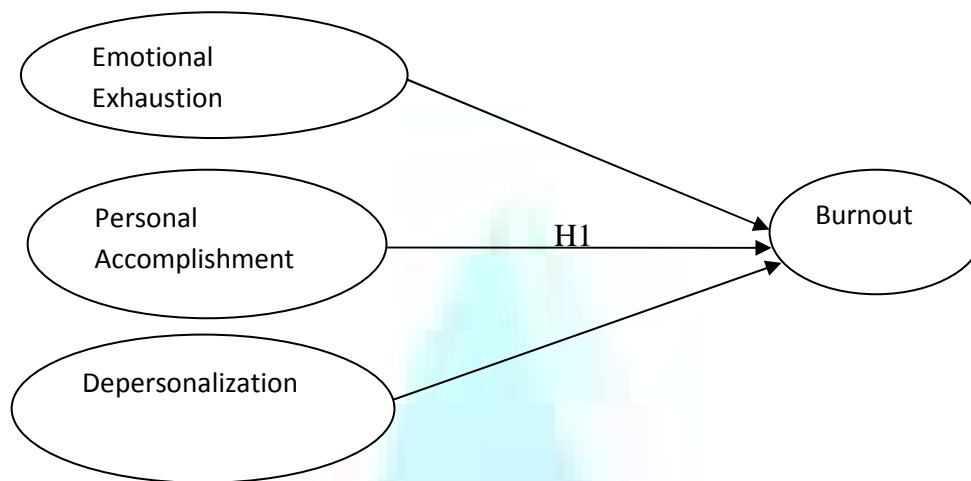
**CONCEPTUAL FRAMEWORK OF BURNOUT**

**Staff Burnout:** The term burnout was originated by Freudenberg in 1974 to describe a mental status of professionals who had expended themselves on their occupation, and were thereby "burned out" and declining in not only level of performance at work, but also personalities. Maslach described burnout as a syndrome consisting of emotional exhaustion, depersonalization (treating patients in an unfeeling, impersonal way) and low personal accomplishment. Generally, the burnout syndrome occurs in all fields of public life, mainly in professions of nursing and social work. The symptoms of burn-out are categorized into psychic and somatic. Psychic symptoms range from loss of capability, enthusiasm, engagement, sense of responsibility; listlessness and indifference towards work; self-doubt and negative attitude; irritability, aggressiveness, impatience, nervousness; and tiredness, exhaustion and lack of interest leading to depression. The physical symptoms appear as in sleeping disorders, high disease susceptibility and psychosomatic complaints. The significance of the burnout syndrome may result in illness of nurses but it may lead to possibly inadequate care of patients. Burnout is also known as condition of emotional exhaustion, depersonalization, and a reduced sense of personal accomplishment that occurs among individuals who work with people in some capacity. The term "burnout" is first used to describe a syndrome of exhaustion observed among mental health professionals. The study of burnout had its genesis in the mid seventies when burnout was identified as a major problem among human service professionals. The study described burnout as a situation whereby clinical hospital staff including the medical doctor came to be inoperative. Since then there have been in excess of three thousand publications on the topic Freudenberg, H.J. (1974). **Emotional Exhaustion:** It is the most easily recognized of the three components of burnout. A nurse who is emotionally exhausted feels as if she has nothing left to give on a psychological level. This professional feels tired and has no mental strength to invest in work. The nurse's ability to be involved with and respond to the patients needs is diminished. Emotional exhaustion has documented behavioral and physical consequences including, but not limited to; low energy, chronic fatigue, gastrointestinal complaints and feelings of being frustrated, angered, chronically cynical and overly confident. **Depersonalization:** It is the second component of burnout that develops in response to emotional exhaustion. In depersonalization, the person develops cynical attitudes and feelings about the person they are caring for. Depersonalization can be a defense mechanism created in response to emotional exhaustion. The professional creates an emotional distance from the patient by moderating their compassion. It is an attempt to put an emotional distance between them and the patient to minimize the

emotional exhaustion. Unfortunately, this distancing forces the professional to ignore the very qualities that make them unique and engaging people. **Personal Accomplishment:** The two components i.e. emotional exhaustion and depersonalization, if left unaddressed, naturally lead to the final phase of burnout, which is a decreased sense of personal accomplishment. This decreased sense of personal accomplishment is manifested by decreased functioning levels at work. As this occurs her sense of accomplishment is eroded and she evaluates herself negatively in relation to her job.

The study will examine the relationship between Burnout and its dimensions for nurses working in Multispeciality hospitals in South India.

FIG. 1: RELATIONSHIP AMONG BURNOUT AND ITS DIMENSIONS



## REVIEW OF RELATED LITERATURE

Burnout is frequently studied in populations of nurses for several reasons. These reasons include the fact that nursing is a large health care professional body; it has been linked to a high incidence of burnout (Jones, E. M. 1962) Burnout has its origins in physical, emotional or psychological demands as well as institutional demands. It has been argued that the basic causes of burnout lie with the disruptive emotional aspects of patient care, such as overly demanding patients, unreasonable patient behavior, illnesses, (especially those involved in contact and extreme pain and/or certainty of death) that are difficult to treat and which may lead to a strong emotional response from the nurse as well as recognition that there is sometimes denial by care givers to their emotional responses to a patients pain (Freudenberg, 1974; Freudenberg, 1975; Maslach et al., 2001; Maslach, 1982; Maslach & Jackson, 1984; Pines, Aronson, & Kafry, 1981). The assumption is that there exist a characteristic human tendency to expect some reward such as gratitude in return from others to whom we provide caring, empathy and attention. But within the health profession such expectations are often not fulfilled (Maslach, C., & Jackson, S.E. 1982). The authors of the Maslach Burnout Inventory (MBI) have yet to clarify the theoretical grounds for grouping these concepts together in the same cluster of symptoms (Maslach, C., & Jackson, S. E. 1982, 1986). Nonetheless, the question remains as to why some individuals are burned out while other individuals working in similar environments are not. The most likely explanation is that causes of burnout are found in both the individual and the environment (Kahill, S. 1988). Burnout is viewed as an affective reaction to ongoing stress whose core content is the gradual depletion over time of individuals' intrinsic energetic resources, including the expression of emotional exhaustion, physical fatigue, and cognitive weariness. Feelings of emotional exhaustion are generally considered a core symptom of the burnout syndrome (Shirom, 1989, p. 26). Review of the empirical evidence from 1974 to 1984 concluded that the influence of individual characteristics on burnout had largely been ignored. Since then significant relationships between burnout and demographic characteristics (e.g. marital status) have been reported (Russell, D. W., Altmaier, E., & Van Velzen, D. 1997). Depersonalization is defined as an attitude of negative, cynical, or excessively detached response to other people, representing the interpersonal component of burnout. Reduced personal accomplishment, resulting in feelings of decline in one's competence and productivity and in a lowered sense of self-efficacy, represents the self-evaluation component of burnout (Maslach, C. 1998). Patients may be worried, anxious and interaction with such individuals may not be rewarding. Among nurses there are high rates of emotional exhaustion and job dissatisfaction which is strongly associated with inadequate staffing and low nurse to patient's ratio. Emotional exhaustion is defined as the feeling of being depleted of one's emotional resources. This dimension was regarded as the basic individual stress component of the burnout syndrome (Maslach et al., 2001). Another dimension was relabeled as reduced efficacy or ineffectiveness, depicted to include the self-assessments of low self-efficacy, lack of accomplishment, lack of productivity and incompetence. These concepts—self-efficacy, accomplishment or achievement, personal productivity or performance, and personal competence—represent well Burnout has been recognised as an occupational hazard for a variety of people-centered professions, such as human services, education and health care (Maslach, C., Schaufeli, W. B., & Leiter, M. P. 2001). The very nature of nursing is based on empathy, compassion and humanization of medicine, and nurses as professionals are involved with people on an extremely personal level in an environment that is not always conducive to positive consequences (Buunk et al., 2001a). Burnout is a complex subject that has been studied as a sole concept as well as in conjunction with other workplace factors. A plethora of variables and interrelationships has been examined including organization and work-related factors. Most of the research that has examined causes of burnout has focused on conditions in the job environment and have found that role stressors, such as long hours, are associated with burnout (Cordes, C. L. & Dougherty, T. W. 1993, Handy, J. A. 1988. Schaufeli, W. B., Bakker, A. B., Hoogduin, K., Schaap, C., & Kladler, A. 2001). Burnout is also related to hopelessness, tardiness, and an intention to leave ones job in nursing (Mimura, C. & Griffiths, P. 2003.). In nurses occupational stress appears to vary according to individual and job characteristics, and work-family conflict. (Purvi Parikh, Atish Tawkari, Tanmay Bhattacharya, 2004). Moderate levels of stress are seen in a majority of the nurses. Incidence of psychosomatic illness increases with the level of stress. Healthcare organizations need to urgently take preemptive steps to counter this problem. (Pratibha P. Kane, 2009)

## RESEARCH OBJECTIVES

- 1) To explore the validity of Maslach's burnout inventory for South Indian nurses.
- 2) To measure the structural relationship between Burnout and its dimensions Emotional Exhaustion, Depersonalization and Personal Accomplishment.
- 3) To identify the relationship between the dimensions of Burnout.

## ABOUT THE STUDY

Nurses play a key role in caring and curing the patients. Also, nursing is a very rewarding and noble career. Nurses spend a short time with many patients and the patients are always in a state of not being well. It becomes difficult to experience relationships with people in these conditions. During such situations people are concerned for their own welfare and they are heavily dependent on nurses in taking care of them and providing them with reassurance of their recuperation. Hence it is not uncommon for nurses to experience "burnout". This leads to a burnout status in their personal and professional life which in turn causes problem, for their Hospital, patients, and colleagues and for themselves. Also, Maslachs burnout Inventory scale was used widely in the international health care sector for determining the burnout of nurses. The Maslachs burnout Inventory scale was used in Indian studies for measuring the burnout of employees working in

Information Technology Enabled Services sector. Hence a study on Burnout of South Indian nurses and its dimensions through Maslachs burnout Inventory was done among the nurses in multispecialty hospitals of South India.

**RESEARCH METHODOLOGY**

**PERIOD OF THE STUDY**

The study was conducted during the time period January, 2011 to May, 2011

**PILOT STUDY**

The pilot study was conducted among 20 nurses working in multispecialty hospitals of South India.

**SAMPLE SIZE**

The pilot study conducted among nurses of multispecialty hospitals indicated that the standard deviation of the nurses was 0.4418 and the sample size was calculated as 300 using the formula\*.

**SAMPLING METHOD**

The sampling method adopted for the study was purposive sampling because the nurses working in multispecialty hospitals were selected based on the researchers judgment.

**SAMPLE**

Majority of the nurses were female, married and in the age group of 21 to 30 years. Most of them are diploma holders, working in the wards on 6 hr shift basis, having the job title as staff nurse and have experience of 1 to 5 years in the present hospital. Most of the nurses have working hours of about 40 to 49 hrs per week and earning more than 50,000 as annual

\*  $N = (z \times s/e)^2$        $Z = 1.96, e = 0.05$

income. Majority of the nurses are staying with their brothers or sisters.

**MEASUREMENT**

**METHOD OF DATA COLLECTION**

The method of Data collection adopted for the study was personal interview using a structured questionnaire.

**SURVEY INSTRUMENT**

The questionnaire used for this research contained 11 questions on demographic factors and 2 questions on number of hours worked per week & shift timing. Also, the questionnaire had 22 questions on job burnout.

**JOB BURNOUT**

Job burnout was measured with 22 items of Maslach Burnout Inventory. The respondents were asked to rate how they agreed with each of the statements in the questionnaire on a five-level Likert scale from "strongly disagree" (coded as one) to "strongly agree" (coded as five). The alpha reliability coefficient for the constructs emotional exhaustion, personal accomplishment and Depersonalization were 0.721, 0.708 and 0.725 respectively. Also, the alpha reliability coefficient for Burnout was 0.659.

**DATA ANALYSIS AND RESULTS**

Confirmatory factor analysis (CFA) using AMOS 16.0 validated the measurement model prior to examining the hypothesized relationships. Structural equation modeling (SEM) analysis was employed to test the hypothesized relationships. CFA generated 22 indicators to measure 4 latent constructs viz. Burnout, Emotional Exhaustion, Depersonalization & Personal Accomplishment as shown in Table 1. The  $\chi^2$  of 479.522(df = 206, p = 0.000,  $\chi^2/df = 2.328$ ), Goodness of fit index (GFI) of 0.867, Comparative fit index (CFI) of 0.818 and Root mean square error of approximation (RMSEA) 0.067. All items loaded significantly (t-value > 1.96) on their corresponding latent constructs indicating that convergent validity was obtained. Construct reliabilities ranged from 0.71 – 0.73. Discriminant validity was supported based on the comparison between square root of the average variance extracted (AVE) of each pair of constructs and  $\Phi^2$  (i.e. the squared correlation between two constructs).  $\Phi^2$  did not exceed square root of the AVE between each pair of constructs as shown in Table 2. Overall, Discriminant validity was obtained.

**TABLE 1: CONFIRMATORY FACTOR ANALYSIS RESULTS**

Construct	SFL <sup>a</sup>	SE	t-value	Construct <sup>b</sup> Reliability	Extracted <sup>c</sup> variance
<b>Emotional Exhaustion</b>					
I feel emotionally drained from my work	0.561	-	-	0.721	0.72
I feel used up at the end of the work day	0.630	0.117	8.159		
I feel fatigued when I get up in the morning and have to face another day on the job.	0.556	0.123	7.499		
Working with people all day is really a strain for me	0.650	0.131	8.332		
I feel burned out from my work	0.620	0.124	8.077		
I feel frustrated by my job	0.521	0.116	7.154		
I feel I am working too hard on my job	0.137	0.101	2.163		
Working with people directly put us too much stress on me	0.445	0.114	6.339		
I feel like I'm at the end of my rope	0.148	0.101	2.330		
<b>Personal Accomplishment</b>	0.484	-	-	0.708	0.58
I can easily understand how my recipients feel about things					
I deal very effectively with the problems of my recipients	0.406	0.190	5.117		
I feel I'm positively influencing other people's lives through my work	0.446	0.213	5.452		
I feel very energetic	0.243	0.171	3.407		
I can easily create a relaxed atmosphere with my recipient	0.513	0.212	5.939		
I feel exhilarated after working closely with my recipients	0.578	0.202	6.337		
I have accomplished many worthwhile things in this job	0.633	0.226	6.611		
In my work, I deal with emotional problems very calmly	0.579	0.201	6.344		
<b>Depersonalization</b>				0.725	0.78
I feel I treat some recipient as if they were impersonal objects	0.590	-	-		
I've become more callous towards people since I took this job	0.504	0.116	7.296		
I worry that this job is hardening me emotionally	0.631	0.126	8.655		
I don't really care what happens to some recipients	0.490	0.117	7.128		
I feel recipients blame me for some of their problems	0.724	0.139	9.507		

Notes: <sup>a</sup>Standardized factor loading; the first item for each construct was set to 1;

<sup>b</sup> Cronbachs alpha : <sup>c</sup>calculated as  $[\sum (\text{std loading}^2)] / [\sum (\text{std loading}^2) + \sum e_j]$ ;

$\chi^2 = 604.633$  (df = 254, p < 0.000); NFI = 0.918; CFI = 0.951; RMSEA = 0.068

TABLE 2: CORRELATIONS AND SQUARE ROOT OF THE AVE

Construct	1	2	3
1 Emotional Exhaustion	<i>0.85</i>	0.133	0.82
2 Personal Accomplishment	-0.365	<i>0.76</i>	0.339
3 Depersonalization	0.906	-0.582	<i>0.88</i>

Note: The diagonal italic numbers represent the square root of AVE where the lower diagonal area represents the correlation between each construct, and the upper area represents  $\rho^2$

TABLE 3: GOODNESS – OF – FIT MEASURES OF THE MEASUREMENT MODEL

Fit Indices	$\chi^2 / df$	GFI	NFI	CFI	IFI	RMSEA	RMSR
Recommended value	$\leq 3.0$	$\geq 0.8$	$\geq 0.9$	$\geq 0.9$	$\geq 0.9$	$\leq 0.05 - 0.08$	$\leq 0.1$
Result value	2.33	.867	0.724	0.818	0.821	0.067	.341
Type of Fit	Good	Good	Medium	Close to Good	Close to Good	Good	Medium

Eight common model-fit measures were used to assess the model's overall goodness-of-fit: the ratio of  $\chi^2$  to degrees-of-freedom ( $\chi^2/df$ ); goodness-of-fit index (GFI); normalized fit index (NFI); comparative fit index (CFI); Incremental Fit Index (IFI); Root Mean Square Error of Approximation (RMSEA); and root mean square residual (RMSR). The ratio of  $\chi^2$  to degrees-of-freedom ( $\chi^2/df$ ) for the measurement model was calculated to be 2.33 which is within the accepted level of 3. The GFI was 0.867, which is greater than the 0.80 benchmark suggested by Doll et al. (1994). The NFI here was 0.724, which is not within the 0.90 benchmark suggested by Bentler (1989). The CFI here was 0.818, which is closer to the 0.90 benchmark suggested by Bentler (1989). The IFI here was 0.821, which is closer to the 0.90 benchmark suggested by Bentler (1989). The RMSEA was 0.067, which was within the recommended range of acceptability (<0.05–0.08) suggested by MacCallum et al. (1996). The RMR was 0.341 which was not within the recommended value of 0.1. The various goodness-of-fit statistics are summarized in Table and demonstrate the good overall fit of the measurement model to the data.

TESTING HYPOTHESES

SEM was conducted to test the hypothesized structural model. The result showed a Medium, model fit with the  $\chi^2$  of 2383.765 (df = 226, p = 0.000;  $\chi^2 / df = 10.548$ ), NFI of 0.449, GFI of 0.828, and RMSEA of 0.179. Therefore, the research model was considered structurally fit by the conventional criteria for acceptable model fitness. The results of testing statistical hypotheses proposed in this study are shown in Figure 1 and Table 4. Hypothesis 1 which proposed that emotional exhaustion will have a significant positive effect on burnout was not supported with a path estimate of 0.312 (t-value = 1.831). Hypothesis 2, which proposed the significant negative effect of personal accomplishment on burnout, was confirmed based on a path estimate of 0.420 (t-value = 5.192). Hypothesis 3 which predicted that depersonalization will have a significant positive effect on burnout was not sustained with a path estimate of 0.257 (t-value = 1.282). As shown in Table 4, Hypotheses 1 and 3 were not supported, which indicated that when emotional exhaustion & Depersonalization increases among nurses it does not lead to an increase in burnout of nurses. Also, Table 4 Shows that when nurses have a low score in personal accomplishment it leads to increased burnout.

CORRELATION AMONG CONSTRUCTS

The table 5 shows the estimates of the correlation between the constructs emotional exhaustion, depersonalization and personal accomplishment. The table 5 shows that there is high positive correlation between emotional exhaustion and depersonalization, low negative correlation between emotional exhaustion and personal accomplishment and medium negative correlation between depersonalization and personal accomplishment. The table highlights that nurses with high emotional exhaustion will also have high depersonalization and vice versa, the nurses who have low personal accomplishment will have low emotional exhaustion and the nurses who have low personal accomplishment will have moderate depersonalization.

TABLE 4: STRUCTURAL PARAMETER ESTIMATES

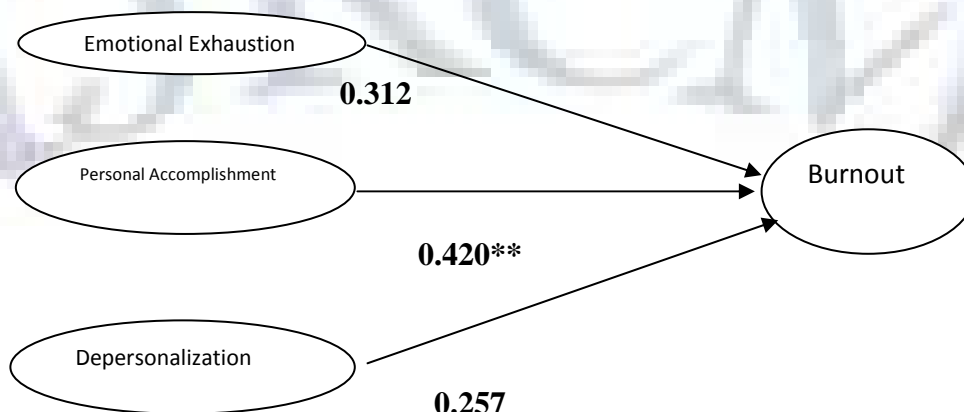
Hypothesis	Path	Path Estimate	t-value	p-value	Result
H1	Emotional Exhaustion → Burnout	0.312	1.831	0.067	Not Supported
H2	Personal Accomplishment → Burnout	0.420	5.192	0.000**	Supported
H3	Depersonalization → Burnout	0.257	1.282	0.200	Not supported

\*p-value < 0.05 \*\* p-value < 0.001

TABLE 5: CONSTRUCT CORRELATION

Correlation among Constructs	Estimates
Emotional Exhaustion ↔ Depersonalization	0.939
Emotional Exhaustion ↔ Personal Accomplishment	-0.223
Depersonalization ↔ Personal Accomplishment	-0.437

FIG.2. COVARIANCE STRUCTURAL MODEL FOR THE STUDY



(\*p-value < 0.05, \*\* p-value) < 0.001

**DISCUSSION AND IMPLICATION**

The confirmatory factor analysis indicates that the measurement model of Maslach's inventory is valid for measuring the burnout of nurses. Hence, Maslach's inventory can be used to measure the burnout of nurses working in South Indian hospitals. The hypothesized structural model indicated that when emotional exhaustion & Depersonalization increases among nurses it does not lead to an increase in burnout of nurses. Also, when nurses have a low score in personal accomplishment it leads to increased burnout. Therefore, the study indicates that nurses experience emotional exhaustion and act in a depersonalized manner during the course of their work. But, these factors do not lead to burnout among nurses. The structural model highlights that less personal accomplishment among nurses leads to increased burnout. The correlation among constructs indicated that nurses with high emotional exhaustion will also have high depersonalization and vice versa, the nurses who have low personal accomplishment will have high emotional exhaustion and vice versa and the nurses who have low personal accomplishment will have moderate depersonalization and vice versa. Therefore, the study reveals there is high correlation between emotional exhaustion and depersonalization, less negative correlation between emotional exhaustion and personal accomplishment and moderate negative correlation between personal accomplishment and depersonalization. The hospitals must try to reduce emotional exhaustion among nurses by combining young nurses with experienced nurses or providing counselors or encouraging nurses to read, exercise and meditate. Otherwise, emotional exhaustion may lead to depersonalization, less personal accomplishment and ultimately to burnout.

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**'SWADESHI': A TOOL OF ECONOMIC EMPOWERMENT**

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**ABSTRACT**

The teachings of Mahatma Gandhi are clearly still of utmost relevance today. Central to Gandhi's philosophy was the principle of 'Swadeshi', which, in effect, means local self-sufficiency. This is the vision of Gandhi's vision of a free India. Maximum economic and political power - including the power to decide what could be imported into or exported from the village - would remain in the hands of the village assemblies. In this era of globalization there seems to be perpetual economic crisis, perpetual unemployment, and perpetually discontented, disgruntled human beings. The spirit of Swadeshi is not conflicting against the spirit of globalization. The principle of local economy or Swadeshi insists on minimizing the distance between the producer and consumer. Swadeshi, as conceived by Gandhi does not reject trade with other nations or communities in toto but it is opposed to an international order based solely on considerations of comparative advantage or a system that celebrates global trade for its own sake (what is euphemistically called competitiveness). If the universal manpower is neglected and concentration of power finds the hands of the few who amassed fortunes at the expense of the many, it will not be possible to banish poverty and degradation. Problems of governance today thus do not derive from national governments and cannot be addressed adequately by reforms designed merely to improve national state performance as a managerial development institution. Hence 'Swadeshi' is the only alternative left even in today's world for total socio-economic empowerment.

**KEYWORDS**

Empowerment, Globalization, Self-sufficiency, Swadeshi.

**INTRODUCTION**

Recall the face of the poorest and weakest man you have seen and ask yourself if the step you contemplate is going to be of any use to him. Will he gain by it?

M.K. Gandhi

The world today is confronted with challenging prospects from the political, religious, economic and cultural spheres. The increase in political fanaticism, religious fundamentalism, economic deprivation and cultural homogenization cannot be wished away. They pose serious threats to the world at the beginning of this new millennium. Mahatma Gandhi offers an exceptionally valiant and outstanding ray of hope in such a situation. He confronted the political, religious, economic and cultural problems of his day and offers us today concrete suggestions and rays of hope. Here, scholars from different fields have come together to study the relevance of Gandhi for our world civilization. The teachings of Mahatma Gandhi were powerful enough to play a major role in the nonviolent revolution that overthrew British colonialism in India. They are clearly still of utmost relevance today. Central to Gandhi's philosophy was the principle of 'Swadeshi', which, in effect, means local self-sufficiency.

Gandhi recognised that alienation and exploitation often occur when production and consumption are divorced from their social and cultural context, and that local enterprise is a way to avoid these problems. *Swadeshi* is that spirit in us which requires us to serve our immediate neighbours before others, and to use things produced in our neighbourhood in preference to those more remote. So doing, we serve humanity to the best of our capacity. We cannot serve humanity by neglecting our neighbours.

For Gandhi, the spirit and the soul of India rested in the village communities. He said, "The true India is to be found not in its few cities, but in its seven hundred thousand villages. If the villages perish, India will perish too." Swadeshi is a program for long-term survival.

Prof. Albert Einstein has said about Mahatma Gandhi, "for generation to come, people on this earth will not believe that a man like him really walked in real flesh and blood".

**DEFINING 'SWADESHI'**

The word *Swadeshi* derives from Sanskrit and is a *Sandhi* or conjunction of two Sanskrit words. *Swa* means Self or Own and *Desh* means Country. If the French language can be used as an analogue, the word *Swadeshi* is the adjective form of "of one's own country". The Opposite of *Swadeshi* in Sanskrit is *Videshi* or "not of ones country". Another Example of *Sandhi* or Conjunction in Sanskrit is *SwaRaj*. *Swa* is Self and *Raj* is Rule.

The *Swadeshi* movement, part of the Indian Independence movement, was a successful economic strategy to remove the British Empire from power and improve economic conditions in India through following principles of *Swadeshi* (self-sufficiency). Strategies of the *Swadeshi* movement involved boycotting British products and the revival of domestic-made products and production techniques. *Swadeshi*, as a strategy, was a key focus of Mahatma Gandhi who described it as the soul of *Swaraj* (self-rule).

Mahatma Gandhi described *Swadeshi* as "a call to the consumer to be aware of the violence he is causing by supporting those industries that result in poverty, harm to workers and to humans and other creatures."

**DEFINING 'ECONOMIC EMPOWERMENT'**

Empowerment can be understood as an activity, a condition, an event, or a process. In natural science, it unfolds according to principles that humans do not control, but in social science, empowerment is entirely the product of human decisions. Economic empowerment can also be viewed as a very complex set of institutional activities that employ public and private assets to enhance the wealth and well-being of an entire population. Its institutions span the gamut, including families, communities, firms, media, governments, political parties, NGOs, and agencies and associations of many kinds. Empowerment is a reflexive process, wherein policies, institutions, outcomes and analysis interact. It is distinct from its many objects of theory and measurement, such as economic growth. The process of empowerment cannot be reduced to any specific set of policy goals, empirical trends, or normative statements, for it includes the definition of goals, setting of priorities, choice of policies, critical reflection, debate, relationships among people who decide what trends are important, and political efforts to change the direction of policy.

What appears to be objectively true about empowerment at any moment in time is the product of debate, selection and erasure. Mainstream and dissenting opinions acquire empirical veracity as their contending forces generate and deploy appropriate data. The result is a vast literature on all varieties of empowerment, using various yardsticks. In economic empowerment, for instance, the aggregate increase in national wealth is a common measure of progress but national autonomy, food security, equity, poverty reduction, and social stability are typically important policy priorities. A state's stability, revenue, military might, and cultural legitimacy may actually preoccupy development policy practice more than economic indicators. Contending forces conditioning development jostle for influence in policy practice and use various measures of success to bolster their positions in empowerment debates.

**SWADESHI VIS-À-VIS ECONOMIC EMPOWERMENT**

More than half a century ago a practical solution to the question of poverty alleviation and total social justice was offered by a great teacher who was amongst the best of men of the past, the one who preached only that by which he lived, he is M.K. Gandhi. Gandhi's gospel of self-reliance rests on three pillars viz. *Swaraj*, *Swadeshi*, and *Sarvodaya*.

Gandhi was a champion of *Swadeshi*, which he believed was essential to *Satyagraha* and *Swaraj*. *Swadeshi* "is that spirit in us which restricts us to the use and service of our immediate surroundings to the exclusion of the more remote." He felt that *Swadeshi* was "a religious discipline to be undergone in utter disregard of the physical discomfort it may cause to individuals." *Swadeshi* entailed complete self-sufficiency in the political, economic and religious life of the Indian people. In following the principles of *Swadeshi*, people would utilize only indigenous political institutions, ancestral religions, and locally manufactured articles. If a person should find any of these defective, that individual "should serve it by purging it of its defects."

Gandhi believed that "the immediate problem before India is not how to run the government of the country, but how to feed and cloth ourselves." He felt that the poverty of the Indian masses was caused by the departure from *Swadeshi* under British rule. Thus, a return to *Swadeshi* was "the key to the economic salvation of India." The "cleanest and most popular form" of *Swadeshi* consisted of "introducing the spinning wheel in every household and every household spinning its own yarn." Thus Gandhi devised the *Swadeshi* vow:

"With God as my witness, I solemnly declare that from today I shall confine myself, for my personal requirements, to the use of cloth manufactured in India from Indian cotton, silk, or wool, and I shall altogether abstain from using foreign cloth, and I shall destroy all foreign cloth in my possession."

The introduction of hand-spinning and hand-weaving into the homes of Indian villages would serve as "a subsidiary occupation [for those] living on agriculture", that Gandhi believed would save the village population from starvation, advancing them ultimately towards self-sufficiency.

*Swadeshi* was an integral part of Gandhi's overall vision for an independent India - one in which self-sufficient, self-governing village republics were the foundation of the country. Gandhi believed that if the Indian masses followed the *Swadeshi* doctrine, "then every village of India will... be a self-supporting and self-contained unit, exchanging only such necessary commodities with other villages where they are not locally producible." Beyond the worldly implications of *Swadeshi*, Gandhi saw that the doctrine ultimately stands for "the final emancipation of the human soul from its earthly bondage... [and its identity] with the entire creation."

Since 1991, India has been pursuing macroeconomic policies of liberalization and globalization, the main costs of which have fallen on the poorest sections of society. Popular movements of resistance and the positive vision of "*gram swaraj*" are often missing.

In 1931, Jawaharlal Nehru pushed economic thought in a new direction by saying, "the great poverty and misery of the Indian People are due, not only to foreign exploitation in India but also to the economic structure of society, which the alien rulers support so that their exploitation may continue". He went on to proclaim, "In order therefore to remove this poverty and misery and to ameliorate the condition of the masses, it is essential to make revolutionary changes in the present economic and social structure of society and to remove the gross inequalities."

Now let us focus into a most pertinent question as to whether the spirit of *Swadeshi* against the spirit of globalization. One cannot say this. Because there is no conflict between the two in their ultimate aims. But this must be kept in mind that one cannot become national without being local, international without being national, universal without being local and again global without being local. One cannot talk of global ethic without having a concern for the man suffering next door. Rather *Swadeshi* can reside in the global living light. Gandhi presented a picture of village India. In this structure composed of innumerable villages, there will be ever widening, never ascending, circles. Life will not be a pyramid with the apex sustained by the bottom. But, it will be an oceanic circle, whose centre will be the individual, always ready to perish for the village, the latter ready to perish for the circle of the villages, till at last the whole becomes one life composed of individuals, never aggressive in their arrogance, but ever humble, sharing the majesty of the oceanic circle of which they are integrated units. Therefore, the outermost circumference will not wield power to crush the inner circle, but will give strength to all within and will derive its own strength from it. Gandhi admitted, "There is much that we can profitably assimilate from the West. Wisdom is no monopoly of one continent or one race." His resistance to Western civilization was, as he said, "a resistance to its indiscriminate and thoughtless imitation based on the assumption that Asiatic is fit only to copy everything that comes from the West." As a *Swadeshi* he refused to be lifted off his feet: "I do not want my house to be walled in all sides and my windows to be stuffed. I want the cultures of all land to be blown about my house as freely as possible. But I refuse to be blown off my feet by any. I refuse to live in other people's house as an interloper, a beggar or a slave."

Gandhi was a practical idealist. For him empowerment means moral empowerment. When we speak about empowerment, we think about economic empowerment, technological empowerment, social empowerment, cultural empowerment, but we never pay adequate attention to moral empowerment. Gandhi's concept of *Swadeshi* attunes to moral and economic empowerment. The contemporary development crisis is essentially a moral crisis, which cannot be overcome by measuring the increase in the GDP and the GNP. It is by measuring the degree of tolerance and searching truth in people's heart, that the development situation can be assessed. If our dream of development is to be realized, then we should be satisfied with nothing less than a global village republic founded on Truth and Tolerance.

Now let us briefly discuss the basic principles of a fundamentally non-modern "economics of ahimsa" (articulated, among others, by Gandhi, Kumarappa and Schumacher) and show how such an economics anticipates and transcends the current debates on limits to material economic empowerment, sustainability and environmental degradation through the use of concepts such as "*Swadeshi*" and "*aparigraha*".

There are several components to Gandhi's and Kumarappa's theory. I will focus mostly on the critique of "machine civilization" as inherently violent, and their concepts of *Swadeshi* or the principle of local economy and *aparigraha*, the principle of minimization of wants or simplification of material life. The Economics of Ahimsa stresses local, decentralized community economies and economies of needs rather than wants. By de-emphasizing production for sake of production, consumption for sake of consumption or growth for sake of growth, it also tackles the thorny issue of how to achieve a basic material level of comfort for all without compromising the viability of future generations, or what has come to be called "sustainable development". Here arises the problem of equitable distribution. In an economy where production occurs purely for use, the problem of how to distribute does not arise because the producers of a good or a service are themselves the users. A completely materially self-sufficient individual or even family is a rarity and most societies have some form of exchange, which in return distances the producer from the consumer. The principle of local economy or *Swadeshi* insists on minimizing this distance. Local economies have been discussed extensively as alternatives to globalization. For Gandhi, *Swadeshi* is a response to the capitalist global economy that results in colonialism and imperialism. As Lenin made famous in his pamphlet on Imperialism, the endless search for cheap raw materials, cheap labour and newer markets for manufactured goods is a prime cause for wars under capitalism. The link between wars and environmental degradation can easily be imagined. By *Swadeshi* one can avoid the violence that accompanies international trade. The *Swadeshi* theory of trade is radically different from trade theories in neoclassical economics. The most famous one being the theory of comparative advantage which emphasizes mutual gains from trade purely in terms of greater consumption. Thus the neoclassical motto is "some trade is better than no trade". While the *Swadeshi* motto is "no trade is better than exploitative trade". The doctrine of *Swadeshi* recognizes that the value of a good or service cannot be reduced to its price but that human and environmental conditions involved in its manufacture matter as much if not more. Anticipating the days of consumer awareness and local currency, Kumarappa had the following list of questions ready for all consumers: "What does one know about where the article comes from? Who makes the article? By what material? Under what conditions do the workers live and work? What proportion of the final price do they get as wages? How is the rest of the money distributed?" As can be seen, these questions are easier to answer for participants of an economy that produces mainly for the local market. Kumarappa explains the moral basis of *Swadeshi* as follows. "Those of us who apply human standards of value (to production) have to inquire into all aspects of manufacture. It is an arduous task and it becomes almost impossible for ordinary persons to undertake it when the articles come from far off countries."

There are two common objections to *swadeshi*. First, it has sometimes been (mis) interpreted as an insistence on complete economic self-sufficiency for a nation or a community. *Swadeshi*, as conceived by Gandhi does not reject trade with other nations or communities in toto but it is opposed to an international order based solely on considerations of comparative advantage or a system that celebrates global trade for its own sake or for the sake of profit maximization (what is euphemistically called competitiveness). Second, like in Marxist economics, the principle of non-exploitation is part of the Economics of Ahimsa and it entails

that the product of a worker's labour is not appropriated by a capitalist or a landlord who has done nothing to produce it, but retained by the worker herself. Thus *Swadeshi* is not simply capitalism with local capitalists instead of global ones but also calls for a change in the way in which production is socially organized. Even if the will is present, serious questions still remain as to how a *Swadeshi* economy can survive in today's globalized world. With the information and communications revolution of the 1990s and the relentless expansion of the neo-liberal model of economic organization, arguing for a *Swadeshi* economy in 2006 seems anachronistic, even ridiculous. Nevertheless, interesting experiments are being carried out in local economy management and they serve as models for more such efforts. Some of us may be aware of the work being done on various aspects of local economy by folks at the Schumacher Society. I will also briefly mention one such experiment being carried out in southern India, under the leadership of Rangaswamy Elango, in the town of Kuthambakkam. Elango is working on establishing a land/agriculture-based local economy, along the lines of the Gandhi-Kumarappa model. By bringing together six neighbouring villages into a cluster, many products that are consumed by the villagers can be produced locally. Elango estimated, through a detailed door-to-door survey by his team, that 5/6 of the commodities that Kuthambakkam consumes every month could be produced within the village and traded locally. While experiments such as Elango's are by far the exception rather than the norm, they can still be an inspiration for anyone wishing to create alternatives.

Now the Government has been introducing schemes of industrializing the country for the maximum utilization of her raw materials, not of her abundant and unused man-power which is left to (take care of itself as best as it can). Can such schemes be considered *Swadeshi*? Gandhiji heartily endorsed to proposition that any plan, which exploited the raw materials of a country and neglected the potentially more powerful manpower, was lopsided and could never tend to establish human equality.

America is the most industrialized country in the world and yet it could not banish poverty and degradation. That was because it neglected the universal manpower and concentrated power in the hands of the few who amassed fortunes at the expense of the many. The result was that its industrialization had become a menace to its own poor and to the rest of the world.

If India was to escape such disaster, it had to imitate what was best in America and the other Western countries and leave aside its attractive looking but destructive economic policies. Therefore, real planning consisted in the best utilization of the whole manpower of India and the distribution of the raw products of India in her numerous villages instead of sending them outside and rebuying finished articles at fabulous prices.

The development of India's electronic and technological infrastructure is another area of interest because it developed largely separate from the world markets. The early days of independence were dominated by the Gandhian concept known as "*Swadeshi*". During the independence movement, self-sufficiency in the homespun cotton industry was largely responsible for making the continuance of India in the British Empire uneconomical. These economic pressures persuaded Britain to grant autonomy. The concept of self-sufficiency acquired a socialistic colour after independence. Nehru was using the Soviet Union as a model for industrial development. This allowed India to develop an indigenous electronics industry that was unconnected to the world markets. Although this industry was never able to come up to world standards, it did create an environment in which indigenous approaches could be developed for purely Indian needs.

I believe that every civilization has its own innate genius. We are committed to *Swadeshi*, the philosophy of India and to the path of self-reliance. *Swadeshi* means faith in indigenous institutions and a strong belief that the future of India must be secured by Indians themselves. India's goal of achieving a double-digit annual GDP growth rate on a sustainable basis can be achieved principally by mobilizing our own domestic resources. A strong, efficient and high-growth Indian economy, in which Indian products, services and entrepreneurs dominate the domestic and global markets, is our concept of *Swadeshi*. This can be achieved by making Indian products and services competitive on both cost and quality.

## MAHATMA –THE PIONEER

Gandhi was opposed to large-scale industrialisation, and favoured small local industries instead. In this way there would be a certainty that each individual would be gainfully employed and able to live a self-sufficient fulfilled life. This local self-sufficiency he called *Swadeshi*. It means buy local, be proud of local, support local, uphold and live local. It was based on the theory of decentralised local interdependence and universal employment. When we buy or sell something outside our area then we are depriving a local person of his or her livelihood.

Mahatma Gandhi was a champion of '*Swadeshi*', or home economy. People outside India know of Gandhi's campaigns to end British colonialism, but this was only a small part of his struggle. The greater part of Gandhi's work was to renew India's vitality and regenerate its culture. Gandhi was not interested simply in exchanging rule by white sahibs for rule by brown sahibs; he wanted the government to surrender much of its power to local villages.

## CONCLUSION

Contemporary development regimes inhabit histories they do not control. They operate among forces and tendencies that do not form one dominant trend. Globalisation, regionalism, and localisation are all progressing at the same time. In this context, the use of national statistics to measure the progress of development is not only inadequate but also deceptive, because national territories no longer comprise the spatial domain of development. No other territorial domain has come into existence.

Problems of governance today thus do not derive from national governments and cannot be addressed adequately by reforms designed merely to improve national state performance as a managerial development institution. Weakness is a now a prominent feature of development, locked in place by forces operating inside and outside national territories. Experts and disciplinarians who work earnestly to enforce rules and norms of the global regime in national states are actually part of the problem: they participate unwittingly in struggles and negotiations they do not see, over control over the development process yet claiming to be dispassionate purveyors of universal truths about trajectories of human progress.

Who is leading development, who is benefiting, and where today's trends are moving remain debatable. Some say development is dead. It is more accurate to say that development has entered a confusing phase of flux and uncertainty, wherein increasingly numerous, vocal, and contentious participants organise to pursue disparate, sometimes contradictory goals, including free market globalisation, economic growth, gender justice, ending poverty, and empowering the poor majority of citizens who have never yet had their own effective institutional voice.

So Gandhi offers Indians a utopia. The indomitable will of the Indians, depicted and captured by the charisma of Gandhi, is still nurtured by the long-forgotten vision of Gandhi. His utopia will always motivate the millions of (even illiterate) Indians. He awakens even today a sense of wonder; Gandhi's life both transparent and enigmatic fills all corners or niches of the Indian life with an awareness of mystery. Gandhi's vision helps to validate the Indian social order. As a person Gandhi gives us some general guidelines to conduct ourselves during the stages of India's growing political process. Further, the vision of Gandhi enables us to live the reality of the contradictions that is India and to be enriched by it. These factors make Gandhi a myth - a modern myth for the millennium!

"Growth with a human face" is the need of the time, especially for India where majority of people live in the villages and live under the threat of poverty. Poverty erodes the foundation of democracy. It is not the one time hand out that eradicates poverty but gainful employment, 'as they are where they are'; situational development with local prosperity is the economic salvation of the nation. KVIC with its pioneering surge in this area is now playing a prominent role, setting example for corporate philosophy for developing the rural economy, which is the backbone of the nation.

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**WOMEN ENTREPRENEUR THROUGH SHGs: A STUDY IN THOOTHUKUDI DISTRICT****C. RATHINAM****RESEARCH SCHOLAR****P.G. AND RESEARCH DEPARTMENT OF COMMERCE****V.O.CHIDAMBARAM COLLEGE****THOOTHUKUDI****DR. K. KAMALAKANNAN****ASSOCIATE PROFESSOR****P.G. AND RESEARCH DEPARTMENT OF COMMERCE****V.O.CHIDAMBARAM COLLEGE****THOOTHUKUDI****ABSTRACT**

*The participation of women in income generating activities for the family has been increasing over time. Female work participations not only increase their family income but also bring economic independence among women in the households. SHGs play a pivotal role in women entrepreneurs. There are greater opportunities for rural women to establish and run a micro enterprise; many women SHGs are involved in farm and non-farm activities like handicrafts, tailoring, catering services which give immense scope for women to uplift the economic standard. PIU with NGOs give training to SHG members in all these activities. The government of Tamilnadu encourages the SHG activities and marketing of their products. Now a day, women have realized the importance of self employment. The main objectives of this paper are to study the socio economic condition of SHG women entrepreneurs and to identify the problems encounter by the SHGs women in Thoothukudi district. The conclusion of the paper is that women entrepreneurs through SHGs play an important role in involving the rural women in self employment and eradicating poverty among the rural masses.*

**KEYWORDS**

Self Help – Groups, women entrepreneurs.

**INTRODUCTION**

In the traditional society, women's role is naturally limited to the family. She is the bearer of children; she is fully occupied with her duties as a mother and homemaker. Many factors like urbanization, technical progress, women's education and so on have profoundly changed the traditional conditions, even in a developing country like India, The women's role at home has changed and become lighter due to technical progress.

The participation of women in the economic development and progress can be categorized into four segments namely, employment in unorganized sector, employment in organized sector, self employment and entrepreneurs. Now the participation of women in income generating activities for the family has been increasing overtime. Female work participation not only increases family income but also brings economic independence among women in the households. SHGs play a pivotal role among women entrepreneurs. There are greater opportunities for rural women to establish and run a micro enterprise; money is available under different schemes like SGSY. They involve various activities with local resources and need based activities. The government of Tamil Nadu also encourages the SHGs activities and SHGs play a important role in developing rural women entrepreneur.

**NEED FOR PROMOTION OF WOMEN ENTREPRENEURS**

Women are the most efficient route to end hunger and poverty, as seven out of ten of the world's poor are women, with about 550 million living below poverty line. As per 1991 census, work participation rate of women is 22 per cent. These statistics reveal that women require the special attention of the development activities and there is an urgent need for the promotion of women entrepreneurs. Entrepreneurship is a more suitable profession for women than regular employment in public and private sectors since they have to fulfill dual roles.

In the last ten years the women of India have taken the bold step of invading the hitherto forbidden land of entrepreneurship, the enduring bastion of male dominance. They are ready to prove to the world that their role in society is no more limited to that of buyers but can extend to that of successful sellers. The World Bank Report and the 4<sup>th</sup> World Conference on Women declared that women are central to the success of poverty alleviation efforts. Studies reveal that money earned by poor women is more likely to be spent on the basic needs of the family than earnings generated by men. Education for women should give importance to income earning activities. The process of learning by doing and earning would certainly empower women. More and more women need to be involved in self-employment. Self-employment is also conducive to the development of individual initiative and entrepreneurial talent and offers greater personal freedom.

**WOMEN ENTREPRENEUR**

Women entrepreneurs may be defined as the woman or a group of women who initiate, organize and operate a business enterprise. According to Schumpeter, an entrepreneur is an innovating individual who introduces something new into the economy. As per Government of India, a woman entrepreneur is defined as an enterprise owned and controlled by a woman and having a minimum financial interest of 51 percent of the capital and giving at least 51 per cent of the employment generated in the enterprise to women. In other words, entrepreneurship is a process involving various actions to be undertaken to establish an enterprise. In short, it is a process of giving birth to a new enterprise. Any woman or group of women which innovates, imitates or adapts an economic activity may be called women entrepreneurship.

**WOMEN ENTER BUSINESS DUE TO FOLLOWING REASONS**

1. Women take entrepreneurship because of dire economic needs.
2. Women with a family background in some skill or trade desire to earn extra income.
3. Women with personality characteristics such as need for achievement need for power and influence become entrepreneurs.
4. Women take it up as leisure time activity.
5. The government and non-government organization give more importance to promote self employment among women and build entrepreneurship.
6. Special financial assistance is provided and training programmes are organized for women to start ventures.

**OBJECTIVES OF THE STUDY**

The present study has the following as its objectives.

1. To study the profile of the women entrepreneurs of SHGs.
2. To study the problems faced by the women entrepreneurs of SHGs to run business activities.
3. To study impact of problems and income generation
4. To offer suitable suggestions for growth of entrepreneurship.

**METHODOLOGY**

The present research is based on the survey method. The researcher framed interview schedules used in this study. The variables used in this study had been identified through the discussions held with the Assistant Project officer of the Mahalir Thittam and the NGOs and a preliminary interview held with a few selected self help groups.

Based on the variables identified for the study, the interview schedule for the members of the SHGs was framed. The interview schedule for the members of the SHGs was presented and based on the responses the schedules were further modified. Secondary data was collected from the related books, journals, periodicals annual report of NABARD's reports of the project implementation unit of the Mahalir Thittam in the Thoothukudi District.

**SAMPLING**

There are 1012 SHGs availing loan under self employment scheme (SGSY). During the study period 25 percent of SHGs were randomly selected for the study (253 groups). In each group 2 members were selected as respondents. The total number of respondents for the study is 506 (253 x 2). The total sample respondents are grouped into four on the basis of year's of involving income generating activity (less than 1 year, 2 -3 years, and 3 to 5 years and above 5 years).

**TOOLS USED**

1. Percentage
2. Factor Analysis
3. Multiple Regression Analysis

**TABLE-1: SOCIO-ECONOMIC FACTOR ANALYSIS**

Sl. No.	Age of the Respondent	Number	Percentage
1.	Below 25	123	24.30
	25 - 35	178	35.18
	36 - 45	111	21.94
	46 - 55	64	12.65
	Above 55	30	5.93
2.	<b>Religion</b>		
	Hindu	381	75.30
	Christian	101	19.96
	Muslim	24	4.74
3.	<b>Educational Qualification</b>		
	Illiterate	11	2.17
	Primary	88	17.39
	Middle School	118	23.33
	SSLS/HSC	257	50.79
	Graduate	32	6.32
4.	<b>Personal income of the respondent (In Rs. per month)</b>		
	Less than 500	192	37.94
	500-1000	136	26.88
	1001-1500	92	18.18
	1501-2000	55	10.87
	Above 2000	31	06.13
5.	<b>Community</b>		
	Backward	201	39.73
	Most Backward	129	25.49
	Scheduled Caste / Tribe	176	34.78
6.	<b>Marital Status</b>		
	Unmarried	125	24.70
	Married	345	68.18
	Widows	13	2.57
	Divorcee / Separated	23	4.55
7.	<b>Type of family</b>		
	Joint	143	28.26
	Nuclear	363	71.74

Source: Field Study

**ANALYSIS AND INTERPRETATION OF SOCIO – ECONOMIC CONDITIONS OF WOMEN SHGS ENTREPRENEUR ARE PRESENTED BELOW**

1. The table shows that 35.18 percent of the respondents belong to the age group of 25 – 35, 24.30 percent belong to below 25 age and 21.94 percent belong to the age of 36-45 and remaining 18.58 percent of the respondents were in age group of 46-55 and above.
2. More than half of the respondents (50.79 percent) have completed high school and HSC, 23.33 percent have completed middle school and 17.39 percent have completed primary education. The graduate and diploma holders were only 6.32 percent; illiterate were only 2.17 percent.
3. Most of respondents (75.30) are Hindus, nearly one fifth is (19.96 percent) Christians and the rest (4.74 percent) are Muslims.
4. Majority of the respondents (39.73 percent) belong to backward communities, nearly one third (34.78) belong to SC/ST, and the remaining (25.49 percent) respondents belong to MBC.
5. Majority of the respondents (68.18 percent) are married, one fourth are unmarried (24.70 percent) 4.55 percent of the respondent are divorcee / separate and a miniscule proportion of the respondents are widows (2.57 percent)
6. Majority of the respondent (64.82 percent) have an income less than Rs. 1000.

## PROBLEMS AND CONSTRAINTS

Woman entrepreneur or any organization, big or small, has its own structure and setup internally driven and externally pulled towards the realization of its objectives. It is a fact that the strength of micro-units is derived not only from the micro-units themselves but also from macro initiatives. Besides, women entrepreneurs are facing many problems. The problems may vary and differ from enterprise to enterprise, place to place and from time to time. Some of these problems may be common, but others are more specific and related to the line of the enterprise. This study focuses on problems encountered by SHGs involving Income Generating Activities. The problem may be related to finance, personal, marketing, production and the like. The extent of problem perception among the respondents has been measured with the help of 19 variables in the present study. The identified variables are health, hectic competition, gender discrimination, care of children, inadequate finance, social dependence, poor in analyzing the market, poor support from family underutilization of capital, poor social recognition, higher rate of interest, lack of faith on the future, poor in allocation of funds, higher dependence on suppliers, lack of self confidence, conflict among the group members, lack of training, lack of timely guidance and lack of follow up by NGO. The respondents were asked to rate the above said 19 factors according to their order of importance from highly serious to not at all serious. The assigned scores on these scales are from 5 to 1 respectively. The mean scores of the problems in managing enterprises among the four groups of respondents have been computed separately. The one-way analysis of variance has been administered to find out the significant difference among the four groups of respondents regarding their importance attached to each problem. The results are given below.

## RESULTS AND DISCUSSIONS

The present study identifies 19 problems encountered by the SHGs members during business. All the 19 statements were classified into five factors namely F1, F2, F3, F4 and F5. The factors with identified new names which focus the problem of the SHGs were presented in the table

**TABLE – 2: FACTOR I – PERSONAL PROBLEM**

S. No.	Variables	Factor loading	Eigen value	Percent of variance
1.	Care of the children	0.8244		
2.	Health	0.8069		
3.	Poor support from family	0.7402	3.8144	20.07
4.	Lack of faith in future	0.6911		
5.	Lack of self confidence	0.6264		

Among the SHG members' problems, the factors regarding care of the children, health, poor support from of family, lack of faith in future and lack of self confidence were the factors with higher positive loading on Factor 1. The above said five factors with high loading on factor 1 are characterized as "Personal Problems". The Eigen value for Factor 1 was 3.8144 and the percentage of variance was 20.07. It could be concluded that the problems of members of SHG would be solved by full co-operation of family members and less burden of household work.

**TABLE-3: FACTOR II - FINANCIAL PROBLEMS**

S. No.	Variables	Factor loading	Eigen value	Percent of variance
1.	Inadequate finance	0.9106		
2.	Underutilization of capital	0.8544	3.0496	16.05
3.	Higher rate of interest	0.7217		
4.	Poor allocation of funds	0.6141		

The table shows that the factors such as inadequate finance, underutilization of capital, higher rate of interest and poor allocation of funds were the factors with positive loading on Factor II. The above said four factors with high loadings on factor II are characterized as "Financial Problem" The Eigen value for Factor II was found to be 3.0496 and the percent variance was 16.05. It could be concluded that the problems of the members in the SHGs could be solved by the providing adequate funds and avoiding delay in disbursement of loan.

**TABLE 4: FACTOR III - SOCIAL PROBLEM**

S. No.	Variables	Factor loading	Eigen value	Percent of variance
1.	Gender discrimination	0.8901		
2.	Social dependence	0.7241	2.4562	8.83
3.	Poor social recognition	0.6566		

From table the factors regarding gender discrimination, social dependence and poor social recognition were the factors with higher positive loading on Factor III. The above said three factors with high loadings on factor III could be characterized as "Social Problems". The Eigen value for Factor III was 2.4562 and the percentage variance was 8.83. It could be concluded that the social problem can be solved by legislations aimed at safe guarding women against discriminatory practices should be properly implemented.

**TABLE 5: FACTOR IV - MARKET PROBLEM**

S. No.	Variables	Factor loading	Eigen value	Percent of variance
1.	Hectic competition	0.8144		
2.	Poor in analyzing the market	0.7241	1.3562	6.37
3.	Higher dependence on suppliers	0.6093		

The factor such as "Hectic competition", 'poor in analyzing the market', and 'higher dependence on suppliers' were the factors with higher positive loading on Factor IV. The above said three factors with high loading on factor IV could be characterized as "Market Problems". The given value for Factor IV was 1.3562 and the present variation was 6.37. It could be concluded that the market problem can be solved through co-operatives societies which should be established / oriented / organized to assist women SHGs entrepreneurs to sell their products.

**TABLE 6: FACTOR V - GUIDANCE PROBLEM**

S. No.	Variables	Factor loading	Eigen value	Percent of variance
1.	Conflict among group members	0.8688		
2.	Lack of follow up by NGO	0.8011		
3.	Lack of concerned training	0.7344	1.2662	6.66
4.	Lack of timely guidance	0.69651		

In the above table the factor regarding conflict among group members, lack of follow up by NGO, lack of training and Lack of timely guidance were the factors with higher positive loading on Factor V. The above said four factors with high loading on factor V could be characterized as "Guidance Problems" the Eigen value for Factor V was 1.2662 and the percent variation was 6.66. It could be concluded that the guidance problem can be solved through proper guidance with follow-up measure to be taken by NGOs and PIUs.

**IMPACT OF PROBLEM ON NET INCOME GENERATED**

In order to analyze the impact of problems on net income generated Multiple Regression Analysis has been administered. The scores on each important problem are treated as scores of independent variables whereas the net income generated by the respondents is treated as a dependent variable. The result of the Regression Analysis is given in Table 7.

**TABLE – 7: IMPACT OF PROBLEM PERCEPTION ON INCOME GENERATION**

Sl. No.	Independent variables	Regression Co-efficient in Groups				
		I	II	III	IV	Pooled
1.	Personal	-0.2468*	-0.1736*	-0.1511*	-0.2402*	-0.1803*
2.	Financial	-0.1501*	-0.1442*	-0.0884	-0.1021	-0.0969
3.	Social	-0.1882*	-0.0968	-0.1246*	-0.0899	-0.1311*
4.	Market	-0.0994	-0.1486*	-0.0456	-0.0516	-0.0562
5.	Guidance	-0.1667*	-0.2441*	0.1131	-0.0996	-0.0917
	Constant	-2.3562	-1.3396	-0.8994	-0.5773	-0.7968
	R <sup>2</sup>	0.6917	0.7236	0.8149	0.8438	0.8914
	F-Statistics	8.1088*	9.2349*	11.3969*	13.2317*	14.0966*

\* Significant at five percent level.

The significantly influencing problem perception on the net income generated of Group-I respondents is perception on personal, financial, social and guidance problem. A unit increase in the perception on the above said three problems results in decrease in income generation among the respondents by 0.2468, 0.1501, 0.1882 and 0.1667 units respectively. Among the Group-II respondents, the significantly influencing problem perceptions are personal, financial, market and guidance related problems, since their respective regression co-efficient are significant at five percent level. A unit increase in the perception on personal, financial, market and guidance problem results in a decrease in income generation by 0.1736, 0.1442, 0.1486, 0.2441 units respectively. The significantly influencing problem perception on the income generation among the Group III respondents are personal and social problems since their respective regression co-efficient are significant at five per cent level. A unit increase in the perception on personal and social problem results in a decrease in income generation by 0.1511 and 0.1246 units respectively. A unit increase in the perception on personal problem will result in a significant decrease in income generation among the Group – IV respondents by 0.2402 units. The analysis reveals the importance of problems in the determination of their net income generation by the respondents.

**SUGGESTIONS**

1. Financial institution/banks should provide adequate financial assistance for developing the business.
2. PIUs / NGOs should follow-up the members' activity and provide necessary guidance.
3. The government / local authority can permit women entrepreneurs to do business at home and provide electricity to those who undertake the business at home.
4. Official should encourage the purchase of SHG products in office.

**CONCLUSION**

Though there are many hurdles involved in the process of promoting enterprises by Self-help Groups, the attempt is a worthwhile one and sustained efforts by the government, NGOs and SHGs in the long run can generate huge employment opportunities among the rural women and thus eradicate poverty among the rural masses.

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## A STUDY ON CENTRAL COORDINATED VEGETABLE MARKET IN PARAVAI MADURAI: PROSPECTS AND PROBLEMS WITH SPECIAL REFERENCE TO FARMERS

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### ABSTRACT

*India is an agriculture based country. Hundreds of vegetable types are grown in all parts of India. Poor efficiency in the marketing channels and inadequate marketing infrastructure are believed to be the cause of not only high and fluctuating consumer prices, but also of the consumer rupee reaching the farmer. There is also massive wastage, deterioration in quality as well as frequent mismatch between demand and supply both spatially and over time. Taking these prevailing issues into account, this study attempts to examine the various aspects of marketing vegetables in the wholesale markets with an extensive objective to improve marketing efficiency. Marketing of vegetables is complex especially because of perishability, seasonability, and bulkiness. Therefore, in order to boost up the vegetable market and to raise the level of income of the growers. It is essential to improve the current marketing practices.*

### KEYWORDS

coordinated vegetable Market Paravai, farmers opinion, level of satisfaction, service facility.

### INTRODUCTION

India is an agriculture based country. Hundreds of vegetable types are grown in all parts of India. The efficiency of marketing for vegetables in India has been of significant concern in the recent years. Poor efficiency in the marketing channels and inadequate marketing infrastructure are believed to be the cause of not only high and fluctuating consumer prices, but also of the consumer rupee reaching the farmer. There is also massive wastage, deterioration in quality as well as frequent mismatch between demand and supply both spatially and over time. Taking these prevailing issues into account, this study attempts to examine the various aspects of marketing vegetables in the wholesale markets with an extensive objective to improve marketing efficiency.

### ORIGIN OF THE STUDY

In Madurai, many vegetable markets are located in the heart of the city. Most of these markets have to operate under regulations imposed by the traffic authorities and are under constant threat from the district administration, especially; from Madurai Corporation. The threat perception is more acute to this complex due to it's proximity to the revered Sri Meenakshi Amman Temple. In order to clear the way for the visiting pilgrims of the temple, the trader had felt that it was inevitable to shift the existing marketing location, site to a new site. Against this backdrop, the coordinated association has instituted the Madurai central coordinated vegetable market at Paravai, Madurai which is located on Dindigul- Madurai National High ways in the year 2009.

### STATEMENT OF THE PROBLEM

Marketing of vegetables is more complex in nature in comparison with the other field crops because of special traits like highly perishable nature, seasonality and bulkiness, which needs special care and immediate disposal. The marketing system for vegetables is now in the hands of middlemen. The middlemen exist at various levels between the farmers and the consumers and exploit through malpractice in weighing, handling and payments. It is, therefore, felt necessary to evolve an alternate marketing strategy where both growers and consumers could be benefited. The Coordinated vegetable market was established in the year, 2009, 1<sup>st</sup> July. It was established exclusively for vegetables at Madurai at a total cost of Rs.26 core. Everyday, vegetables are being transacted benefiting 300 wholesalers and 3000 consumers. Madurai coordinated vegetable market receives vegetables from the districts of Ooty, Madurai, Theni, Dindigul, Virudhunagar and Ramanathapuram which contributes more than 60 % of the vegetable production in the state. And they supply vegetables to different parts of the country like Delhi, Bangalore, Kerala, Hosur, Karnataka, Nasik, pune, Kodaikanal, Coimbatore, Tirunelveli, Thoothukudi, Dindigul and in and around Madurai. Successful operation of coordinated vegetable commercial market depends upon the location of the Market, nature, type, quantity and quality of agricultural produce being brought by the farmers for sale, price fixation mechanism, availability of functional infrastructure facilities such as grading, weighing, storage etc.,. The facilities should, therefore match the requirement of the farmers and the customers.

This study focuses particularly on the coordinated vegetable market and examines various aspects of the market, including the functions, infrastructure marketing practices.

### OBJECTIVES

1. To analyse the socio economic profile of the farmers in central coordinated vegetable market.
2. To assess the performance of coordinated market, with particular reference to services.
3. To analyse the level of satisfaction of farmers in the coordinated vegetable market.
4. To point out deficiencies and to offer suitable suggestion for the efficiency of the central coordinated vegetable market.

### METHODOLOGY

This study is based on both primary and secondary data. The primary data had been collected by administering a well structured interview schedule. The stratified random sampling techniques are adopted for selecting farmers. A sample of 200 farmers has been selected.

### PROFILE OF THE RESPONDENTS

An attempt has been made to analyse the marketing system, services of the central coordinated vegetable market. The profile of the respondents is classified based on individual, family and career variables. Percentage analysis tool is used to analyse the profile of the sample respondents.

TABLE – 1: CLASSIFICATION BASED ON THE RESPONDENTS

Variables	Classifications	Number of respondents	Percentage
Age	Below 25 years	6	3.0
	26 To 35years	43	21.5
	35 To 40years	67	33.5
	Above 40years	84	42
Education	Illiterates	70	35
	Up to 10 <sup>th</sup> std	130	65
Family business	Below 20	52	26
	20 to 30	134	67
	Above 30	14	7
Annual income	Below Rs50,000	38	19
	Rs50,000 to Rs1,00,000	62	31
	Above Rs100000	100	50
Ownership of land	Own	153	76.5
	Tenant	34	17.0
	Both	13	6.5
Area under cultivation	Below 1 acre	56	28
	1 acre to 2 acres	64	32
	Above 2 acres	80	40
Mode of sales	Through Wholesaler	119	59.5
	Through village Merchant	14	7.0
	Through local traders	67	33.5

Among the total respondents, 42% of the respondents belong to the age group of above 40 years, 33.5% of the respondents belong to the age group of 35 – 40 year, 21.5% of the respondents belong to age group of 26-35 years, while 3% of the respondents belong to the age group of below 25 years.

It could be observed that, 65 percent of the respondents had completed their 10<sup>th</sup> standard and 35 percent of the respondents were illiterates.

It is clear that, 67 percent of the respondents have business experience of 20 to 30 years, 26 percent of the respondents have business experience below 20 years and 7 percent of the respondents have business experience over 30 years.

It is observed that, out of the total respondents 50 percent of the respondents have an annual income of above Rs.1,00,000 and 31 percent of the respondents have an annual income of Rs 50,000 to Rs. 1,00,000 and 19 percent of the respondents have an annual income below Rs.50,000.

Out of total respondents 76.5 percent of the respondent's have own land, 17 percent of the respondent have land on rental basis and 6.5 percent of the respondent have both own and rental land.

It is observed that the distribution of the sample of farmers are according to the area under cultivation. Out of 200 respondents 40 percent belong to the group of farmers who use more than two acres of land, 32 percent belong to the group of farmers who use between 1 acre and 2 acres of land and 28 percent belong to the group of farmers who use less than 1 acre of land.

Out of 200 respondents 59.5 percent sell their vegetables through wholesaler, 33.5percent sell their vegetable through local traders, 7 percent sell their vegetable through village merchant.

### LEVEL OF SATISFACTION TOWARDS SERVICES

In this study an attempt has been made to analyse the farmers satisfaction towards marketing services of the central coordinated vegetable market. Intensity value tool is used to analyse the services of the central coordinated vegetable market.

TABLE 2: AVAILABILITY AND NON AVAILABILITY OF FACILITIES IN THE COORDINATED VEGETABLE MARKET

S.No	Facilities	Available	Not Available
1	Market office	✓	-
2.	Stalls	✓	-
3	Storage	✓	-
4	Cold storage	-	✓
5	Vehicle parking	✓	-
6.	Road	✓	-
7	Street light	✓	-
8	Water supply	✓	-
9	Sanitary	✓	-
10	Canteen	✓	-
11	Rest room	✓	-
12	Conference hall	-	✓
13	Tele phone	✓	-
14	Bank	-	✓
15	ATM	✓	-
16	Notice Board	-	✓
17	Weighing	✓	-
18	Grading	✓	-
19	Price display	-	✓
20	Computer	✓	-

The Table 2 reveals the farmers' response towards the facilities available in coordinated market. Farmers opinioned that cold storage, conference hall, bank, Notice board, price display facilities are not available in the coordinated vegetable market.

**SERVICES**

The opinion of the farmers is ascertained with an objective to the standard of service practices that is adopted in the coordinated vegetable market.

**TABLE 3: FARMER'S SATISFACTION TOWARDS SERVICE FACILITIES OFFERED IN THE CENTRAL COORDINATED VEGETABLE MARKET**

Sl. No	Services	Strongly agree	Agree	Un decided	Dis Agree	Strongly Disagree	Intensity value	Rank
1	No delay in payment	41	78	69	11	1	747	II
2	Officials are cooperative and cordial	23	99	47	31	0	714	IV
3	Officials help in arranging credit facility	21	63	72	41	3	658	V
4	Trade practices followed are fair and just	71	101	16	10	2	877	I
5	Officials are keen on developing personal rapport	47	71	44	31	7	720	III

Source: Primary data

On the basis of the ranks given by the respondents towards services, **'Trade practices followed are fair and just in their service'** has scored the highest intensity value of 877. **'No delay in payment'** has ranked the second with the intensity value of 747. **'Officials are keen on developing personal rapport'** has got the third with the intensity value of 720. **'Officials are cooperative and cordial'** has remained in the fourth place with intensity value of 714, **'Officials help in arranging credit facilities'** has taken the fifth with intensity value of 658.

**LEVEL OF SATISFACTION TOWARDS SERVICES WITH REGARD TO PERSONAL, FAMILY AND CAREER VARIABLES**

The researcher has made an attempt to analyse significant relationship between the level of satisfaction towards services of coordinated vegetable market with regard to personal, family and career variables with the use of kruskal wallis test.

**TABLE 4: RELATIONSHIP BETWEEN PERSONAL, FAMILY AND CAREER VARIABLES AND THE LEVEL OF SATISFACTIONS TOWARDS SERVICES**

Level of satisfaction	Variables	H	D.O.F	Table value	Result
Services	Age	4.834	3	7.815	NS
	Educational qualification	3.890	1	3.841	S
	Family business	.593	2	5.99	NS
	Annual income	5.608	2	5.99	NS
	Ownership of land	2.383	3	7.815	S
	Area under cultivation	5.444	3	7.815	NS

With regard to relationship between personal variable, family variable, career variable and the level of satisfaction towards services, it had indicated that educational qualification, ownership of land had significant relationship. While age, family business, annual income, area under cultivation had insignificant relationship between variables and the level of satisfaction towards services.

**FINDINGS****PERSONAL PROFILE**

With regard to the age, it is found out that, 42 percent of the respondents belong to the age group of over 40 years. With regard to the educational qualification, it is observed that, 65 percent of the respondents had completed up to the 10<sup>th</sup> standard. With regard to the family business, it is clear that, 67 percent of the respondents have business experience of 20 to 30 years in their family business. With regard to the annual income, it is observed that, 50 percent of the respondents have an annual income above Rs.1,00,000. With regard to ownership of land, it is observed that 76.5 percent of the respondents have their own land and 17 percent of the respondents have lands on rental basis. With regard to area under cultivation, it is found out that 40 percent of the respondents have more than 2 acres, 32 percent of the respondents have 1 acre to 2 acres while 28 percent of the respondents own below 1 acre for cultivation.

With regard to mode of sales, out of the 200 respondents 59.5 percent sell their vegetables through wholesalers, 33.5 percent sell their vegetables through local traders, and 7 percent of the respondents sell their vegetables through merchants. with regard to mode of transport, it is found that, out of 200 sample farmers, 9.5 percent of farmers use own tractor and 5 percent use hired tractor, 5 percent of farmers used own lorry and 34 percent used for hire, 4.5 percent of farmers used mini lorry for own and 42 percent for hire.

**LEVEL OF SATISFACTION TOWARDS SERVICES**

On the basis of the ranks given by the respondents towards services, **'Trade practices followed are fair and just in their service'** has scored the highest intensity value of 877. **'No delay in payment'** has ranked the second with the intensity value of 747. **'Officials are keen on developing personal rapport'** has got the third with the intensity value of 720. **'Officials are cooperative and cordial'** has remained in the fourth place with intensity value of 714, **'Officials help in arranging credit facilities'** has taken the fifth with intensity value of 658.

With regard to relationship between personal variable, family variable, career variable and the level of satisfaction towards services, it had indicated that educational qualification, ownership of land had significant relationship. While age, family business, annual income, area under cultivation had insignificant relationship between variables and the level of satisfaction towards services.

**SUGGESTIONS**

Based on the functions the research purports to present the following suggestions to better the performance of the coordinated vegetable market.

- Farmers feel that banking facilities should be provided in the central coordinated vegetable market and it should be made easily accessible and within the reach of every one in need.
- The information service is a part of the infrastructure facilities. The farmers do not get information about ruling prices in the market. Adequate arrangements should be made for getting clear information regarding the market conditions as well as ruling prices. Price display to be arranged.

**CONCLUSION**

Marketing of vegetables is complex especially because of perishability, seasonability, and bulkiness. Therefore, in order to boost up the vegetable market and to raise the level of income of the growers. It is essential to improve the current marketing practices.

As strongly recommend by the National Commission on Agriculture.

**"It is not enough to produce the vegetables; it must be satisfactorily marketed"**

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## EMPOWERMENT OF WOMEN AT HOUSE-HOLD LEVEL THROUGH SELF-HELP-GROUPS- A STUDY OF KHORDHA DISTRICT OF THE STATE OF ODISHA, INDIA

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### ABSTRACT

*The empowerment of women is a contemporary issue regardless of the country. Though it is not a sufficient condition, it is still necessary for bringing sustainability of the development process. The present study seeks to explore the impact of participation in Self Help Groups on the empowerment of women at the house-hold levels with special reference to the women of Khordha District, Odisha (India) which is located in the east coast line of Bay of Bengal of the country. The blooming industrial growth and the flourishing agricultural sector are main points of economy of Odisha. Gender discrimination is most deeply entrenched in the Indian families. The implementation of Self Help Groups has been changing the position of women in a positive direction. Self Help Groups have not only enabled women to tackle problems but also to experience feelings of freedom, self identity, strength and increases the levels of confidence and self esteem. An encouraging trend is that they have been able to challenge the constraints found at their house hold levels. Their participation in Self Help Groups has altered them and modified their attitudes towards different issues at house-hold levels like meeting the consumption and production needs, control over professional salary, reduction of their dependency on money lenders, contribution to the occupational diversification at their house-hold level, increase of quality of income, reduction of inter-generational transmission of poverty, reduction of gender inequalities, encouragement of education of children, support towards natal homes, increase of importance in the house-hold decision making process as well as acceptance of a dignified position. This paper systematically and consistently characterizes the empowerment of women through Self Help Groups. It speaks on its success all over Odisha with variations.*

### KEYWORDS

Empowerment, gender inequalities, Indian women, Self Help Groups.

### INTRODUCTION

Women, all over the world, not withstanding various support mechanisms across the countries, suffer from various types of disadvantages. With the development of society, the increasing emphasis on the right based approaches by the Governments with various assertive actions and at the same time grass root level protests; the position of women is changing. On the other hand the uneven nature of development found by the urban/rural, men/women, educated/uneducated etc. divide and consequently unable to catch up with the faster development places the vulnerable sections in a "sandwiched" position. The "snowball" and "trickle-down" approach of development is not bringing the required changes in other subsequent spheres of life of women. This is designated as "gender discrimination", "male domination", "traditional mindset" etc.

The panacea for a rightful position of women is seen through empowerment. But empowerment is a multidimensional concept. The mechanism of attaining this is mostly by the "Top-Bottom" approach. Notwithstanding the increasing "Bottom-Top" approach by various women's protest, the Government supported schemes are seen as the medium of achieving empowerment of women.

### THE CONCEPT OF EMPOWERMENT

Empowerment is being discussed in a variety of manner. World Bank described it as "the expansion of assets and capabilities of poor people to participate in, negotiate with, influence, control, and hold accountable institutions that affect their lives" (2002). The sphere of the concept is further extended and explained as the creation of political, legal, socio-cultural and economic environment that would facilitate, encourage and enable the powerless (i.e., poor) to influence policies, decisions, actions on their behalf. Sen strengthened the concept by adding capabilities in a holistic manner. He is of the opinion that "Empowerment is the process of gaining power, both control over external resources, and growth in inner self-confidence and capability" (Sen: 1997). The transformative power to the concept is again added and defined as "Empowerment is the process of awareness and capacity building leading to greater decision making power and control and to transformative action. Extending the sphere of the process further it is described as "the process by which people, organizations or groups who are powerless

- i) Become aware of the power dynamics at work in their life context
- ii) Develop the skills and capacity for gaining some reasonable control over their lives
- iii) Exercise control without infringing upon the right of others, and
- iv) Support the empowerment of others in their community".

To be empowered old ideologies, which are not conducive to the new situation are to be changed. Accordingly, Baltiwal (1994) defined it as a "process by which powerless gain control over their circumstances of lives. It includes

- i) Control over resources (physical, human, intellectual, financial)
- ii) Control over ideologies (belief, values and attitudes)

With this backdrop, an attempt will be taken to discuss the empowerment of women in a holistic manner.

### EMPOWERMENT OF WOMEN IN INDIA

Women in India have been living under patriarchy. Despite economic independence, educational development, diversification of occupations and possession of high profile jobs and positions in public life, women in general suffer from various types of exclusions. Women are treated as objects. Increasing cases of dowry deaths, atrocities, commodification, skewed birth rates and a general prevalent inferior status of women in all spheres of life are a challenge for a rightful position of women in India. The position of women in rural India presents a still grim picture due to the various developmental indicators.

Women were the recipients of benefits through the trickling down effect of the welfare measures. The emphasis shifted gradually to enabling them to become active agents of their empowerment. This self-empowerment approach underscored the agency of organized women. It involved the bringing together of women from similar backgrounds, having similar needs, and creating a space for them to set their own priorities. Herein lay the importance of the origin and growth of SHGs. (Ramanathan: 2004)

The implementation of Women Self Help Groups has been changing the position of women in a positive direction. A tentative list, though not exhaustive, presented below speaks on its success all over India with variations.

1. Participation in SHGs has improved the access of women to credit. This has helped women in reducing their dependence on moneylenders.
2. The interest rates in informal credit sector have declined.
3. The access to credit has helped women to meet their consumption as well as production needs.
4. The women have invested the credit obtained from SHGs in new economic activities and/or strengthening the old activities.
5. They have contributed to the occupational diversification at the house-hold level.

6. The non-agricultural activities undertaken by the women helped the households to obtain income from low risk activities. Thus, the quality of income of the households has gone up.
7. The quality of employment by shift from wage to self-employment, of women as well as their families is enhanced.
8. The women acquire some non-land assets; health, nutrition and education status of children has improved. This indicates that the inter-generational transmission of poverty has reduced. The women have met their basic needs to some extent.
9. The reduction of gender inequalities is also recorded to some extent. However, failure of the economic activities undertaken coupled with the effect of distress events brought a decline in the living conditions of some of the poor women.
10. The activities in other social spheres like anti-liquor, anti-dowry, anti-corruption have also been organized.
11. Education of the children, especially the girl children are also encouraged.
12. Mutual help among the members along with the support for the needy are found.
13. Preference of small size of the family along with decline in son's preference is found.
14. Preference of positions in public life is reported.
15. Acceptance of a dignified position of women is found.

### SHGs IN ODISHA AND EMPOWERMENT OF WOMEN

In Odisha, one of the Government programmes, Mission Shakti, brought all the women SHGs under its protective umbrella to provide uniform guidelines, training of personnels, training materials, disseminate best practices by giving them capacity building support, credit linkages and also by federating them from the year 2001. (Patel: 2011). Success stories along with disintegration have been reported from all over the state. The enthusiasm for SHGs is found but failures are seen most of the cases. Extension of empowerment to other spheres of life is hardly visible. Reasons like,

- education,
- unsupportive attitude of male members
- ignorance on available support mechanisms
- same trade activities
- lack of marketing facilities
- fear on diversification of activities
- lack of knowledge on technology and procurement of the same
- non-viable financial position
- caste and ethnic differences
- preference for market products

### LITERATURE REVIEW

A number of studies have been carried out in India and elsewhere that have tried to look into the empowerment of women.

The study by Vianello *et al.* (1990) showed that a husband's power within marriage tended to increase in proportion to the resources that he could muster: education, income, prestige, social status, and so on. The author also found that the husband's power was associated with the stage in the life cycle and with the presence of children in the home. More importantly, wives who worked for pay had more power than wives not gainfully employed. When the resource theory was applied to the study of marital power in different societies, the findings were inconsistent. Research results about decision-making from the United States [Kendell and Lesser, 1972: Centers *et al.* 1971], France [Michel, 1967], West Germany [Lamouse, 1969: Lupari, 1965: 1969], and other countries showed a positive association between the husband's power and his socio-economic resources, such as education, social status, income, and occupation. In the above studies there were curvilinear tendencies in the data and weak relationships that lacked statistical significance.

Kabeer (1999) has attempted to construct the indicators of the empowerment of women, by using three-dimensional conceptual framework: (a) the 'resources' as part of the pre-conditions of empowerment; (b) the 'agency' as an aspect of process: and lastly (c) the 'achievements' as a measure of outcomes. The study shows that the most probable indicators for empowerment of women are: family structure, marital advantage, financial autonomy, freedom of movement, and lifetime experience of employment participation in the modern sector.

Comparable components of empowerment are included in the eight indicators by Hashemi (1996): mobility, economic security, ability to make small purchases, ability to make larger purchases, involvement in major decisions, relative freedom from domination by the family, political and legal awareness, and involvement in political campaigning and protests.

Several different efforts have been made in recent years to develop comprehensive frameworks delineating the various dimensions along which women can be empowered (Malhotra, Schuler and Boender, 2002)

Amin, Becker and Bayes (1998) split the concept of women's empowerment into three components each measured separately: Inter-spouse consultation index, which seeks to represent the extent to which husbands consult their wives in house-hold affairs; Individual autonomy indexes which represents women's self-reported autonomy of physical movement outside the house and in matters of spending money; and the Authority index, which reports on actual decision-making power. (which is traditionally in the hands of patriarch of the family). These indices are similar to those of used by Balk in her 1994 study.

It has been seen in the literature that a well-defined empowerment measure facilitates in finding out the present empowerment level. Both conceptually and practically, women empowerment is an important issue, because it paves the way for the empowerment of future generations.

### IMPORTANCE OF THE STUDY

The present study is conducted in the district of Khordha, the most urbanized district of the State of Odisha. Bhubaneswar, the Capital of Odisha is within this district. It is one of the centrally located districts which lies between 84°55' to 86°5' longitude and between 19°40' to 20°25' latitude having high humidity during April and May and cold during December and January, covering 17 numbers of tourist centers [Source-District Statistical Hand book Khordha-2011] (Govt. of Odisha).

The State Odisha has lagged behind the national average ever since independence. The cost of living in rural Odisha, continues to be below the national average. The same was true for urban Odisha until a few years ago but currently it is just opposite. The present strategy of the State for women development is to empower them. About 1,94,486 Women Self Help Groups (WSHGs) have been constituted with support from Mission Shakti Programme. The State Commission for women works towards protecting the interest of Women and preventing violence against them.

### PROBLEM OF THE STUDY

The present study is an attempt to examine the impact of participation in Self Help Groups on the empowerment of women at house-hold levels. It examines how far the programme has helped in raising the incomes and levels of living of the poor women. The present study is from the stand point of the SHGs and their members.

### RESEARCH OBJECTIVE AND RESEARCH QUESTIONS

The Research Objective of this study is to determine to what extent the participation of Self Help Groups has an impact on the empowerment of women in the house-hold matters. More specifically, in this work, I seek to explore if the Self Help Group approach has been successful in the empowerment of women living in the patriarchal societies of the State of Odisha.

- ❖ **Research Question 1:** Does participation in Self Help Groups increase the Women's influence over economic resources and in economic decision-making in the family?
- ❖ **Research Question 2:** Does participation in Self Help Groups increase the women's empowerment in decision-making in the house-hold?
- ❖ **Research Question 3:** Does participation in Self Help Groups increase the women's degree of contribution to the occupational diversification at house-hold level?
- ❖ **Research Question 4:** Does participation in Self Help Groups reduce the gender inequalities in women's house-hold?
- ❖ **Research Question 5:** Does participation in Self Help Groups encourage the education of children in the family?
- ❖ **Research Question 6:** Does participation in Self Help Groups increases the degree of acceptance of a dignified position for women?

**TABLE 1: OVERVIEW (ODISHA AND KHORDHA DISTRICT)**

Items	Odisha	Khordha
Land mass	1,55,707 Sq.Kms	2887.50 Sq. Kms
Districts	30	-
Sub-Divisions	58	02
Tahasils	316	10
Community Development Block	314	10
Villages (Total)	51,551	1551
Actual population	41,947,358	2,246,341
Male	21,201,678	1,166,949
Female	20,745,680	1,079,392
Sex Ratio ( Females per 1000 males)	978	925
Total literates	17,366,375	1,771,198
Male literates	15,326,036	972,327
Female literates	11,786,340	798,871

(Source-Census of India 2011)

**TABLE 2: PHYSICAL PROGRESS OF KHORDHA DISTRICT (UPTO DEC 2011)**

	Items	Nos.
a)	No. of SHGs formed	13010
b)	No. of Women SHGs formed.	12026
c)	No. of Women SHGs that have taken up Economic Activities during the year.	326
d)	No. of BPL ( Below Poverty line) families that have crossed the poverty line	1515
e)	No. of SHGs following Single Trade	7318
f)	No. of SHGs following multiple trade.	4250

**TABLE 3: NO. OF SHGs FORMED (YEAR WISE)**

Year	No.
2005-06	483
2006-07	320
2007-08	237
2008-2009	223
2009-2010	549
2010-2011	560

- ❖ Types of trades associated with Women SHGs

-Agarbati making, Diary farm, Poultry, Mushroom Cultivation, Applique work, Making Badi, Papad, Pickles, Sauce etc, Bell metal and Brass activity, Tailoring, Fish cultivation, Soft Toys making, Grindings, Making of Coir mats, Carpets and goatterry, Dry fish, Vermi Campost, Banana Cultivation, Passenger Auto.

## METHODOLOGY

Since, the focus of the study is to find out the impact of SHGs on the empowerment of women at the household levels, twenty SHGs are taken from ten Blocks of Khordha. Twenty members from each SHGs are interviewed. The sample is drawn taking into consideration of various trades associated with age, types of families etc. The list of SHGs is collected from the District office. The sampling technique used is the stratified random sampling. The data for the study is collected mainly by structured interview schedule. In order to obtain a proper representation of the unit under study, Khordha District has been divided into ten blocks. The for the study has been collected during October – December 2011. To strengthen the arguments, group interviews, case study have been used. For the secondary source materials, relevant data and infomations have been collected from Banks, social welfare Board, Leading Libraries and Government offices. Based on this method, the data has been analyzed by using statistical method. The results and their discussion are subsequently presented after explaining the data sources.

## RESULT & FINDINGS

The woman SHGs which are studied, each of them has minimum 10 to 20 members with homogeneous economic interest formed on a voluntary basis. In the beginning they have started collecting a fixed amount of saving from each member regularly on a month basis, thereby creating a common fund. Older groups have started with a smaller amount i.e. fifty rupees, then increased it to one hundred rupees but the new groups are more positive about group dynamics and have started with a larger amount of saving, i.e. three hundred rupees. Now the average saving of the SHGs is two hundred rupees per month per member. For about six months, the group only collect thrift rate: no loans are given. During this period the groups have opened Saving Account with Banks and have started lending to the members which is around the eight month of their creation. The amounts loaned are small, numerous and for a short duration. The interest charged is generally a little higher than that charged by banks but much lower than that charged by money lenders. 43 per cent of SHGs of different Blocks have closed their original groups and out of which 35 per cent created new groups because of receive of State share. In Odisha, the State Government has the provision of providing even marketing facilities for the sale of their products through ORMAS ( Odisha Rural Development and Marketing Society). They are also instructed to provide food products to the Anganbadies (an organization who are in charge of care of children below 5 Years) with a subsidized amount through out year. It is found that these SHGs have become successful because of the common experience of the members, reciprocal help and support, faith and collective will power of its members. Most of the SHGs of Bhubaneswar, Khordha, Baliana and Balipatna Blocks have become successful due to their short distance of communication from the DRDA office (District Rural Development Agency) at Khordha which facilitates them to consult the officer at anytime they need as well as greater degree reciprocal help and support among the members than other SHGs.

In the present study some important variables which have been studied and having influence on women's participation in the SHGs are their age, education, income, marital status and their family occupation including the types of families they belong to. The age of women members ranges between 21 to 55. Most of them are married and live with their husbands and have an average of 3.26 children. Only twelve women in our study do not live with spouse, three of them are divorced and two are widowed. With reference to caste 87 per cent belong to OBC category (Other Backward caste). As many of the questions relate to the household matters to study the empowerment level, family structure influences the responses. 60.28% of women belong to the extended family i.e. called joint family in India whereas rest of the families are of nuclear type (single family). Here attempts have been made to uncover the important aspects that may account for the difference that exists among the women related with their empowerment at household levels. "A woman's role in household decision making: control over money matters and other important household matters is a function of the family structure" (Malhotra and Mathur 1997).

When a woman lives in a joint family or nuclear family, her family influences her autonomy. In case of women's control over family income, access to and control family resources, ownership of assets and land is less in joint families which shows only 28 per cent, whereas 72 per cent have economic autonomy in the nuclear families. The number of members having less economic autonomy in the nuclear families exists in the Bolagarh and Begunia Block due to the more number of joint family and less number of nuclear family in those Blocks.

What is surprising to us is that there is no difference in the role played in both the families regarding occupational diversification. In all cases women who are the members of SHGs have helped the occupational advancement by adding to their family income. An average women decide together with their families about personal salary. These women are self supporting and have confidence in their non capacity to make change in the family conditions. In almost all Blocks these women have become role models for local women to stand up for their rights and take charge of their lives. It is assumed that more the degree of empowerment of women, there is a better chance of bringing understanding between them and their husbands and more the degree of control the women have over their personal salary, the greater the decision making power of the women. So this shows that they have an independent decision making capability to catch up as empowerment path.

8.75 per cent of families are below the poverty line. They are not in a position even to continue with their traditional family occupation which have encouraged them to have membership in SHGs for their socio-economic betterment. "Women put up with the "double-burden" of productive and reproductive work". (Williams, 1994). If we put in familial and household tasks, the contribution of women in household economy is enormous: in India, Women undertake over 90 per cent of the household and farm activities" (Singh, 1989).

Regarding the education of their children, 74 per cent have taken keen interest for better career in their future. Decisions are taken within the household by them as some social and economic issues like marriage of their children, purchase of different household articles, purchase of land and vehicles etc. The degree of decision making on supporting the natal home is more which constitutes only 66 per cent of the total respondents. As the decision for helping natal home (parent's home of the woman) after marriage is undertaken by themselves, the chances for them to be empowered is higher.

The success of SHGs in terms of high repayment is a result of existing social ties and cohesion found among women members. Reciprocal help among 54 per cent of members in times of problems of repayment is observed. Decision taken within the household on how savings and loans are spent has been studied. The mode of taking the decision is decided with the actual household situation before and after joining the SHGs. It is found that in all cases respondents have got supremacy in all matters of household. They feel that the interest that they pay to SHGs which constitutes 39 per cent, is a form of profit for them, as it is added to the savings account of the SHGs. This is a logical way of thinking as in the past they used to pay 10 per cent interest to the money lenders. Profit from the SHGs is also seen in the increase in income by the women. A few members have started shops which has increased their monthly income. This is most visible in Jatni and Khordha Blocks as there is increase in the monthly income of the members comparatively with other Blocks.

## CONCLUSION

From the preceding section it may be concluded that there are mostly positive findings to the question whether participation in SHGs contribute to socio-economic empowerment of women at household level. SHG is a viable organized set up to disburse credit to women for the purpose of encouraging them to enter into entrepreneurial activities. The membership in SHG has lessened monetary pressure in meeting expenditures which are integral part of daily expenses on food, clothing, and schooling etc.

To study the economic impact of the SHGs on members, factors like value of assets possessed, level of income earned by them, expenditure pattern of members and level of savings before and after taking the members of SHGs have been analyzed. Participation in economic activities has helped women for developing her confidence and status. It has enabled her to make investments in education and assist her to build up household assets. It has helped her in meeting expenditures which are integral part of daily life.

Now women are heads of their households. They are simultaneously looking after their family members and participating in income generating activities. They are hemmed in by duties and responsibilities which bound their capability to make independent choices that are fundamental to their lives as well as future. Their participation has been recognized as a supplementary mechanism for providing credit support to the rural poor. It creates awareness among them to live in a sound hygienic environment and pursue a better living. Now the spirit for social and economic upliftment of women has become a significant contribution of each and every SHG.

It may be summed up that the achievements women have got are in terms of feelings of independence, well being and self sufficiency, over and above the income gains. It promotes women's inherent strength and enables them to face any difficult situation in household matters. They have got new individuality through the SHGs. It has aided women to move from an inactive state to being dynamic agent and work for their own change. They have developed a sense of self-worth as they understood that self-empowerment comes from within. Thus it is assumed that members of SHGs have improved significantly regarding decision making on household matters since joining the SHGs.

Women have gained a measure of freedom from irrelevant customs, traditions, practices and prejudices. One thing is clear: empowerment can not be imposed from top. Rather, it is essentially a bottom up process, as women must empower themselves. However, they need assistance and facilitation from above. Empowerment means working from a portion of enforced powerlessness to one of power. It promotes women's inherent strength and positive self-image, which enables them to face any difficult situation.

For women in the whole, the increased work signifies an enhancement in their welfare because of improved earnings, better access to facilities and service, enhanced social status and greater self-respect.

However, women are occupied concurrently in child bearing, looking after family members, children and elders as well as participating in income generating activities, thus spelling a great strain on their wellbeing.

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**ENVIRONMENTAL ASSETS AND LIABILITIES IN ARUNACHAL PRADESH, INDIA: A CRITICAL ASSESSMENT**

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**ABSTRACT**

*Environment is a complex of physical, chemical and biotic factors that act upon an organism or an ecological community and ultimately determine its form and survival. It is the combination of different external physical conditions that affect and influence the growth, development and survival of organisms including human being. Such external conditions include biotic components like plants, animal and other living beings and abiotic components like soil, weather, water, air, sunlight etc that constitute environmental asset. Arunachal Pradesh is a land of mountains and forest with abundant of environmental assets. Around 80 percent of the total geographical area is covered with forest. Nature has blessed this state with all environmental assets that requires for survival and sustenance of human being. The rate of consumption of the environmental assets is less than the rate of replenishment of such assets in the state. The state has abundance of fresh air, pure drinking water, unpolluted soil and climate that required for the survival of human being. However, the relentless march towards development, industrialization and increasing urbanization has led to degradation of these environmental assets. Under the above background the present paper attempts to examine the nature and extend of some selected environmental assets and the liability on the part of state government and its people to conserve these assets.*

**KEYWORDS**

Environmental Asset, Environmental Liability, Environmental Degradation, Pollution.

**INTRODUCTION**

**E**nvironment is the surrounding of an object or a man with living and non-living factors that determines the existence of life. It is a complex of physical, chemical and biotic factors that act upon an organism or an ecological community and ultimately determine its form and survival. It is the combination of different external physical conditions that affect and influence the growth, development and survival of organisms including human being. Such external conditions include biotic components like plants, animal and other living beings and abiotic components like soil, weather, water, air, sunlight etc are called natural resources. Natural resources occur naturally within environments that exist relatively undisturbed by mankind, in a natural form. A natural resource is often characterized by amounts of biodiversity and geo-diversity existent in various ecosystems.

Natural resources are materials and components that are found within the environment. Every man-made product is composed of natural resources at its fundamental level. A natural resource may exist as a separate entity such as fresh water and air as well as a living organism such as a fish or it may exist in an alternate form which must be processed to obtain the resource such as metal ores, oil and most forms of energy. Some Natural resources can be found everywhere such as sunlight and air and such resources are known as a ubiquitous resource. However most resources are not ubiquitous they only occur in small sporadic areas these resources are referred to as localized resources. There are very few resources that are considered inexhaustible such as solar radiation, geothermal energy, and air. The vast majority of resources are however exhaustible, which means they have a finite quantity and can be depleted if it is not properly managed.

The various natural resources derived from the environment are essential for survival of human being and for satisfying their varied wants. All such natural resources may be termed as environmental assets. A nation's environmental assets are diverse and important. Environmental economists talk about natural assets at par with physical assets, human assets, intellectual assets and other forms of assets. Environmental assets, like any other assets, provide a flow of services over a period of time. Often they provide these services over very long periods of time greater than most other forms of assets. Arunachal Pradesh is a land of mountains and forest with abundant of nature gifted capital or environmental assets. Nature has blessed the state with all environmental assets that requires for survival and sustenance of human being. However, the relentless march towards development, industrialization and increasing urbanization has led to degradation of these environmental assets. The present paper is humble attempt to examine the environmental assets in the state and the liability to preserve its natural character by the stakeholders.

**OBJECTIVES**

The main objectives of the paper are:

1. To assess the nature and extents of environmental assets in Arunachal Pradesh.
2. To examine the liabilities on the part of stakeholders in preserving these assets.

**METHODOLOGY**

The present paper is basically based on the secondary information collected from different articles, books through electronic media i.e., internet. Some of the information is based on personal observation and experiences of the author. All the sources of information have been duly acknowledged. In this paper the natural resources is being considered as environmental assets and it has been classified into two categories viz; Environmental assets that provides survival benefits and the environmental assets that provide use benefits or for satisfying the different needs of human being. The responsibility to preserve and to bear the consequences of non-preservation of the environmental assets is considered as environmental liabilities. The evaluation is being made in the context of Arunachal Pradesh.

**DISCUSSION: NATURAL RESOURCE AS AN ENVIRONMENTAL ASSET**

In financial accounting assets are economic resources. Anything tangible or intangible that is capable of being owned or controlled to produce value or benefit and that is held to have positive economic benefit is considered as an asset. A resource with economic value that an individual, corporation or country owns or controls with the expectation that it will provide future benefit is an asset. In economic terms assets represent ownership of value or benefits that can be converted into cash at any given point of time. The natural resources are assets for the nation or a society in the sense that it provides various economic, social and survival benefits or value to the human being. Natural resources may also be termed as natural capital because it is used as a factor of production and for survival of human being. As such, for the purpose of analysis and discussion, the natural resources are taken as equivalent to as environmental assets in this paper.

The natural resources are diverse and varied. Environmental economists tried to equalise with natural resources as natural capital or environmental assets as it also provides different benefits to the man as like physical asset, human assets, intellectual assets and other forms of assets. However, the benefit accrued from environmental assets is different from other economic assets. The environmental asset provides multiple benefits to the living organism including human being and most importantly it sustains life and provides materials for satisfying their different needs.

**Environmental assets** are elements of the environment that contribute to human well-being by yielding either survival benefit or use benefit (benefit of satisfying the need) to an individual or group of individuals or a community. In other words environmental assets are defined as the natural resources that provide human being the survival benefits and use benefits. The natural or environmental assets like air, water, land, etc provides survival benefits to the human being. On the other hand, the natural or environmental assets like various forest product in the form of tree, bamboo, fruits, animals, soil, etc provides used benefits for satisfying the varied need of human being. Therefore the above definition include assets that produce free services to production and welfare for the survival of human being as well as that serve as input of material, energy and space into production for satisfying different human needs. Hence, the environmental assets are broadly classified into two categories namely- the assets that are required for the survival of living organism including human being and the assets that required for satisfying different needs of human being. The list of the environmental assets for survival and use benefits are given in Table-A.

TABLE-A: ENVIRONMENTAL ASSETS

For survival (sustenance of life)	For use (satisfying human need)
Fresh Air, Pure drinking water, Land for settlement, Favourable Climate, vegetation, Sunlight, Environmental system, etc.	Wind, Trees, bamboo, canes, fruits, vegetable, sand gravels, sands, boulders, birds and animals, fish, Fossil fuel, minerals, metals, carbon credit, etc.

Source: compiled from field assessment.

### ENVIRONMENTAL ASSETS FOR SURVIVAL BENEFITS

Man may acquire abundance of economic assets, physical assets, intellectual assets and other assets for their comfort but if they do not have adequate and clean environmental assets their life is always at risk. Human being is helpless before the environment or nature. The environment is the source of every possible resource for the survival and to meet the various needs of human being. The basic necessity for the survival of human being is air, water, land, forest, climate, sunlight, etc which are the free gift of the nature or environment and are called environmental assets. Some of these assets, like sunlight, air, wind, etc., are continuously available and their quantity is not noticeably affected by human consumption. The nature has provided abundance of environmental assets for the survival of human being. However, due to the increasing human activities in the process of development and to meet their endless needs the quality or quantity of these assets has been affected. The rate of consumption of these assets is more than the rate of its replenishment or recovery. Hence, the depletion or degradation of environmental asset is effected. The depletion of natural resources or asset is caused by human activities that are called as 'direct drivers of change' such as mining, petroleum extraction, fishing and forestry as well as 'indirect drivers of change' such as demography, economy, society, politics and technology. Therefore, it is a great concern for all the nations to create awareness about the important of environmental assets and the liability to preserve and to bear the outcome of such reckless activities. Moreover, at present age the question of quantity or availability of the assets is not important but its quality and the ability to sustain life.

Arunachal Pradesh is a land of natural assets with abundance of forest and biodiversity. Around 82 percent of the total geographical area of the state is under forest cover. There is numerous rivers, streams, rivulets and springs, etc. that provides potable water for the survival of human being. There is abundance of qualitative environmental assets for the survival of human being. The environmental assets like air, water, sunlight, land, vegetation, etc are available in its natural and pure form. So far, the rate of consumption of these environmental assets is less than the rate of its replenishment and recovery.

### ENVIRONMENTAL ASSETS FOR USE BENEFITS

As already pointed out, the environmental asset provides use benefits to the human being. Use benefit may be defined as the benefit that the human being derived from the environmental assets to satisfy their numerous needs and wants. The environmental assets like forest resources in the form of trees, bamboo, canes, fruits, vegetables, etc are used to meet the daily requirements of the people. The various activities of the people especially the tribal community are associated with the forest resources. The different natural resources that are used to meet the basic requirements of human being like food, clothing and shelter are also available in the form of trees, bamboo, canes, fruits, vegetable, sand gravels, sands, boulders, birds and animals, fish, etc. The wind and sunlight are used to produce energy in the form of wind energy and solar energy. The environmental assets like Fossil fuel, minerals, metals, hydropower, etc. are used for earning huge amount of revenue for the state or a country. Recently, the vegetation or forest resources become an important source of earning carbon credit.

Arunachal Pradesh is well known for the relationship between tribal people with its natural resources or assets. Its environmental assets are the source of food, clothing and shelter for its tribal people. The forest resources are culturally and ritually linked with the various activities of the people. The forest resources are used by the people of the state for different economic activities like agriculture (jhum cultivation), hunting, food gathering, construction of dwelling places, etc.

### ENVIRONMENTAL LIABILITIES

In financial accounting liability is defined as the money that a person or a company owes to somebody. In other words, it is the obligation on the part of the company or a person to repay the amount with the cost of its use. As per Oxford advance learner dictionary, liability is the state of being legally responsible for something. It is the state of being accountable to the activities and its consequences. Therefore, environmental liability is the responsibility of the government, corporate entity, society and an individual to prevent the damage of environmental assets and to bear the consequences of such damage. The European Communities (Environmental Liability) Regulations 2008, states that environmental liability is the prevention and remedying of environmental damage. The purpose of these Regulations is to establish a framework of environmental liability based on the 'polluter-pays' principle, to prevent and remedy environmental damage. The Regulations supplement existing National and European Legislation to achieve the prevention and remediation of environmental damage by introducing, among other things, a positive reporting obligation on operators in respect of actual or threatened environmental damage. Liability typically extends to individuals who have operational control, executive powers, or individual or joint ownership of assets. Since a board of directors has executive powers, statutory liability extends to all board members who are declared as Directors of the Company with the Registrar of Companies. Liability may also extend to senior officials who are not board members if they fulfill the above criteria. Following are some of the terms that are used to denote of environmental liability.

#### 1. COMPLIANCE OBLIGATIONS

It means that the company or any other polluters are obliged to comply with the rules or obligations prescribed by environmental laws and regulations in terms of the manufacture, use, disposal, and release of chemical substances and to other activities recognized under environmental laws and regulations as adversely affecting the environment.

#### 2. REMEDIATION OBLIGATIONS

Obligations to clean up a site and/or pay for the cleanup of a site contaminated by chemicals and other wastes considered under law, regulations, and by science to pose adverse health risks to humans and the environment. Such sites could include old or previously undiscovered landfills.

#### 3. FINE AND PENALTY OBLIGATIONS

Obligations to pay fines or penalties under civil or criminal law for non-compliance and/or expenses for supplementary environmental projects (SEPs) agreed to as part of a settlement for non-compliance.

#### 4. COMPENSATION OBLIGATIONS

Obligations under some state statutes as well as under common law, to pay (or "make whole") individuals and businesses for damages suffered by them or their property from the use or release of toxic substances or other pollutants. Commonly known as "compensatory damages," these liabilities may occur even if a local government is in compliance with all applicable environmental standards.

**5. PUNITIVE DAMAGE OBLIGATIONS**

Obligations to pay damages, which are punitive in nature and are imposed in addition to compensatory damages; to punish and deter conduct viewed as showing callous disregard of others or as being grossly negligent. Punitive damages are typically awarded in addition to compensatory damages, thus dramatically increasing the potential overall costs of environmental liability.

**6. NATURAL RESOURCE DAMAGES (NRD) OBLIGATIONS**

Obligations (normally in the form of fines) arising from natural resources liability. Natural resource liability arises from injury, destruction, or loss of natural resources that do not constitute private property. Central, state, local, or tribal governments must control natural resources, which include plants, wildlife, land, air, and water. NRD can be imposed for accidental releases (e.g., during transport) as well as lawful releases.

**STRATEGIES FOR MINIMIZING ENVIRONMENTAL LIABILITY**

The best way to minimize the environmental liability exposure is to identify areas of potential risk and then develop and implement proactive management practices and guidance to reduce the risk of loss. Some of the important strategies for minimizing the environmental liabilities of the polluters or the undertakings are briefly discussed below.

**1. STATUTORY STRATEGIES**

Under the provisions of the *Water (Prevention and Control of Pollution) Act, 1974* and the *Environmental (Protection) Act, 1986*, it is a criminal offence to cause or knowingly permit any poisonous, noxious, or polluting matter to enter into the rivers, streams, groundwater, and coastal waters. The occupier of a facility has "strict liability" in this regard and the regulators (in this case the state or central pollution control board) need only prove that the pollutants originated from the concerned facility for the liability to be imposed.

A significant legal reference to contamination-related liability is in the *Hazardous Wastes (Management and Handling) Rules, 1989, as amended in 2003*. Section 16 of these rules mentions that the occupier of a facility shall be liable for damages to the environment resulting from the improper handling and disposal of hazardous waste listed in Schedules 1, 2, and 3. The occupier . . . of the facility shall be liable to pay financial penalties as levied for any violation of the provisions under these rules by the State Pollution Control Board with the prior approval of the Central Pollution Control Board.

**2. ABSOLUTE LIABILITY**

The enterprise must be held to be under an obligation to provide that the hazardous or inherently dangerous activity in which it is engaged must be conducted with the highest standards of safety and if any harm results on account of such activity, the enterprise must be absolutely liable to compensate for such harm, and it should be no answer to the enterprise to say that it had taken all reasonable care and that the harm occurred without any negligence on its part.

**3. POLLUTER PAYS PRINCIPLE**

The principle of absolute liability in case of environmental injury has further found judicial validation in the polluter pays principle, which has become the law of the land through legal judgments. The 'Polluter Pays' principle demands that the financial costs of preventing or remedying damage caused by pollution should lie with the undertakings which cause the pollution, or produce the goods which cause the pollution. Under the principle, it is not the role of Government, to meet the costs involved in either prevention of such damage, or in carrying out remedial action.

Recently, the court decision specifies that a global oil and gas company has to pay US \$ 8.6 billion as a remediation and restoration costs for soil and ground water contamination in Ecuador's northern jungle. The court decision specifies that the company pay \$6 billion for cleanup of soil and water, \$1.4 billion to build health care systems, and \$800 million for creating health care plans and treating cancer patients. The remainder will be spent on recovering native plant species, building water distribution systems and repairing cultural damage.

**4. PRECAUTIONARY PRINCIPLE**

The "precautionary principle" – in the context of the law – means that:

- Where there are threats of serious and irreversible damage to the environmental assets, lack of scientific certainty should not be used as a reason for postponing measures to prevent environmental degradation.
- The "onus of proof" is on the actor or the developer/industrialist to show that his action is/was environmentally benign or favourable. The precautionary principles means that the state government, corporate entity, industrialist, individual developers or any other agencies that undertakes environmentally prone activities has to take all possible measures to control and prevent any kind of environmental hazards in future.

**5. ENVIRONMENTAL AUDIT**

The process of compiling information on a specific media type to determine if an operation or facility or a company is in compliance with environmental requirements is known as environmental audit. According to World Bank, environment audit is a methodical examination of environmental information about an organization, a facility or a site, to verify whether, or to what extent, they conform to specified audit criteria. The criteria may be based on local, national or global environmental standards. Thus, it is a systematic process of obtaining and evaluating information about environmental assets and liabilities of a company or a corporation.

**6. ENVIRONMENTAL INSURANCE**

Environmental insurance policies can help finance the costs associated with future unforeseen environmental liabilities, such as the compensation, fines, penalties, etc. The company or any agencies that undertakes such activities that are likely to cause environmental degradation in the event of future contingencies can insure such activities. The environmental assets like land, air, water, etc may cause numerous problems due to the human intervention in their existence. The land slide, air pollution, water contamination, etc may cause serious danger to the life and properties of human being. Environmental insurance can help in financing or compensating such losses.

**7. ENVIRONMENTAL MANAGEMENT SYSTEM**

To manage environmental assets in a more efficient and cost-effective manner, many organisations have been experimenting with environmental management systems (EMSs). An EMS is a set of management processes and procedures that allow an organization to evaluate, control, and reduce its activities, products, and services, that affect environmental assets resulting in greater operational efficiency and control. EMSs are being widely adopted in the private sector and some forecast them to become a prerequisite for business transactions on a national and international level.

**8. FINES AND CLOSURE NOTICE**

Monetary fines and penalties are imposed on the industrial concerns that contaminate water, land and environmental assets at large. In case the financial fines are not paid or a drastic environmental degradation occurs or likely to occur, the appropriate authority may give order for closure of the plant. The Tamil Nadu Pollution Control Board (TNPCB) ordered closure of 10 dyeing units in the Tirupur knitwear cluster that failed to comply with the Supreme Court order pertaining to pollution caused by the dyeing units on the Noyyal River. The Supreme Court also directed the dyeing units to deposit US\$ 11.6 million to clean up the Orathapalayam Dam on the basis of PIL filed by local communities.

**CONCLUSION**

In the present study an attempt has been made to evaluate the environmental assets and liabilities of the human being in general and of the state of Arunachal Pradesh in particular. The environmental assets has been identified as the free gifts of nature in the form of air, water, land, forest, space, vegetation, etc that sustains the life and essential for human sustenance. The environmental liability has been equalised with the responsibility or an obligation on the part of the polluters to pay compensation in the event of consequences or to initiate alternative measures to contain the environmental impact of such pollution caused by him. In this sense, it is the responsibility of every government, corporation, society and an individual to protect the environment and its assets and to preserve it in its natural form. The State's responsibility with regard to environmental protection has been laid down under Article 48-A of our Constitution, which says that "the state shall endeavour to protect and improve the environment and to safeguard the forests and wildlife of the country". It has been observed that the



environmental liability is rest on every citizen to protect the environmental assets. Environmental protection is a fundamental duty of every citizen of our country under Article 51-A (g) of our Constitution which says that "the duty of every citizen of India is to protect and improve the natural environment including forests, lakes, rivers and wildlife and to have compassion for living creatures." Hence, environmental liability is the responsibility to protect and preserve environmental assets and to bear the consequences of non-compliance with such responsibility.

Arunachal Pradesh is industrially backward state and there is no question of industrial or hazardous pollution emission. So far, the capacity of natural environment to replenish the air and water pollution is high in the state in comparison to other industrially developed states. However, in the process of development and increasing urbanisation the environmental assets like land, forest, etc are being affected that may expose to the risk of environmental liability. The proper implementation of the environmental rules and regulation through various strategies for minimizing environmental liability will enhance the quality of environmental assets thereby reducing climate change in the state. A reduced exposure to environmental liability manifests itself by protecting human health and the environment, conserving natural resources, reducing costs, and building friendly and livable communities that are attractive to residents, investors, and businesses in future.

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**STUDENTS AND PRIVATISATION OF HIGHER EDUCATION****DR. NARINDER TANWAR****ASST. PROFESSOR****B S ANANGPURIA INSTITUTE OF TECHNOLOGY AND MANAGEMENT****FARIDABAD****ABSTRACT**

*In the current scenario, it is believed that, it is not the government but the market that can do everything for everybody. The education sector is also influenced by this philosophy. The resultants out-come has been the establishment of higher education institutions, which are founded, funded and run by private agencies. The primary motive of these private bodies in setting up educational institutions is to earn profit. These educational institutions subscribe to the view of full recovery of cost from those who derive benefit from education. The private higher education institutions have been established in India since 1970's and were known as capitation fee colleges, which may be called self-financing colleges. The centre and the state have been favoring this trend, as these colleges impose no financial burden on the exchequer. Moreover, they meet the ever-increasing, demand for professional education. Majority of these self-financing institutions are catering to the market needs and student's requirements. It is also considered relevant to mention here that education is not the only input for creating a knowledge-based society but also economic opportunities and these new opportunities, in turn, place new demands on education. In this sense, reforms in education and in the economy are mutually reinforcing.*

**KEYWORDS**

education, information, institutes, students.

**INTRODUCTION**

In India, private initiatives in education came from philanthropists who set up educational institutions and nurtured these institutions by endowments and liberal donation with the aim of rendering service to the society. Over a period of time, with the increase in demand and rise in the recurring and non-recurring cost, the private efforts, with the sole aim of service has declined significantly. The globalization has spurred demand for quality in education. Interestingly enough, it has pushed the demand for quantity also. The student community in rural, semi-rural and urban places does not only want education in modern fields but they also want education which is of quality and give them an identity. Our higher education system has a role and challenges carved out to give skilled human power at all levels, which is confident, flexible and enjoys knowledge and technical skills needed to effectively confront the social and economic realities of the twenty-first century. Therefore, higher education institutions require managements with vision and staff with commitment. While it is not impossible for government to create such institutions alone therefore, privatization of higher education system was considered an option. Moreover, the nature of public accountability in government institutions cannot have the kind of independent space which is for converting the vision into a mission. Infrastructure and other facilities provide the base, but it is the ability to recruit good faculty and maintain their level of commitment that is the most critical factor in developing both good and great institutions. Again, government rules may come in the way of linking assessment with rewards and punishments. Too many cooks spoil the broth. The continuity of vision and commitment that comes from good private educational managements cannot be built easily in the public sector. For these reasons alone, if not for other consideration like lack of finance etc., there is need to encourage private educational enterprise.

Private sector has, thus, a major role in establishing new institutions and new leadership which provides enough freedom and space, conditions and facilities for staff well as for students to develop themselves professionally and this is contributing to the welfare and development of the student community and consequentially, the society. There are enormous opportunities for India to provide education of the highest order that can greatly benefit both generations of knowledge as well as its application. India should be in the lead in establishing these world-class institutions of higher education, technology and research. There is a great reservoir of talented people in our country whose talent is vastly under utilized. Thus, we should have an aggressive policy of promoting and establishing of high quality self-financing educational institutions with linkages to various universities and technical institutions abroad.

Globalization and privatization throw up unprecedented challenges before the educational community, entrepreneurs and government. Together they have a unique opportunity to build institutions that will cater to diverse educational and cultural needs of students and the world. Also the public system of higher education is neither ensuring the cognitive, affective and psychomotor inputs to the students nor matching the inputs to employment requirements (Gredes, 1994). The private organizations have done wonderfully well in school education and also in computer application education. It is largely due to achievements of such organizations that in the field of education, India is a force to reckon with. Similarly our management graduates from many such organizations are working in MNCs all over the world. In fact many private business schools have been rated higher than public funded business schools. According to a study conducted by Business Today and reported in its May 22' 1997 issue, these institutions have established beyond doubt that there is willingness of the students to pay for quality education. Report of the UNESCO of the International Commission on Education for the Twenty First Century entitled 'Learning: The Treasure Within 1996' states, "Further the Commission feels that it is not only justifiable but also desirable to raise money from private sources in order to ease the pressure on national budgets. Private funding can come from variety of sources; contribution by individuals' families and students towards fees but for that what need is more of quality services in higher education".

Higher education seems to be one of the important factors contributing in the process of globalization. Indeed, the core concern of education, viz. knowledge, is a resource that is best attuned to the forces of globalization such as the internet, distance learning, DTH and convergence between computer and wireless communication techniques. These changes will not only internationalize the market of educational services, but also force the traditional education system to change by linking students to global pools of knowledge and databases. Indeed, the very character of the teacher-taught relation is bound to transform slowly in this backdrop.

**OBJECTIVE OF THE STUDY**

The objective of the study was to examine the importance level of different sort of information which students require while seeking for admission in any institute or college.

**RESEARCH METHODOLOGY**

The research design of the study is exploratory cum descriptive. The research is exploratory due to the fact that the field of higher education has not been deeply touched by the earlier researcher. Therefore, in this case, extensive preliminary work needs to be done to gain familiarity with the phenomena in the situation to understand what is occurring, before developing a model and setting up a rigorous design for comprehensive investigation. The study is descriptive because the area of research that has been chosen by the researcher explains the attributes, which are associated with service quality implication in the field of higher education. To fulfill the objective of the study a questionnaire was prepared for students (N=400) as well as for director/administrators of different institutes. The questionnaire was put forwarded to respondents of various self-financed higher educational institutes and observations are presented in the form of tables. The research has been carried out in the NCR region comprising the state of Haryana, UP, & Delhi as NCR has emerged as a prominent center higher education. Further, to solve the purpose of the study both descriptive as well as inferential statistical techniques were applied. In the descriptive, Means and Standard Deviation were calculated and to test the significance level of the difference between Means of the criterion variables Mann-Whitney Test was applied.

**RESULTS OF SURVEY**

Students search for different information when they plan to take admission in any institute in the same way management institutes disclose different information either on institute's website or brochure. Researcher has asked students (N=400) to indicate significant level of various information on a five point likert scale disclosed by management institutes. It is important for any institute to disclose such information which are directly related to students and can result into long term mutual benefits. Information which are important to students to know, are identified and listed in questionnaire and respondents were asked to state their views. Results of survey are listed in Table 1.1.

**TABLE 1.1: STUDENT'S PERCEPTION ABOUT INFORMATION DISCLOSED BY INSTITUTES**  
(Number of Respondents = 400)

S. No.	ariables	Mean Scores	Standard Deviation
1	Organizational chart & process	3.41	1.197
2	Details of Faculty	4.06	1.115
3	Norms & procedure for good governance	3.06	1.243
4	Teacher and students ratio	3.24	1.376
5	Involvement of faculty/students in academic affairs	2.75	1.259
6	Students feedback on institutional governance	2.97	1.267
7	Details about the courses offered and duration	4.65	0.475
8	Admission procedure	4.7	0.457
9	Campus placement	4.01	1.199
10	Details of fees & time scheduled for payment	4.09	0.892
11	Scholarship offered, duration & amount	3.25	1.485
12	Estimated cost of boarding and lodging in hostel	3.06	1.29
13	Information on infrastructure and other resources	4.01	0.939
14	Grievance redressal mechanism for faculty/students	2.4	1.071

Source: Computed on the basis of Field Data

Information which value more to the students to know are admission procedure (Mean = 4.7, Std. Dev. = 0.457), detail about the various courses offered and duration (Mean = 4.65, Std. Dev. = 0.475), details of fees & time scheduled for payment (Mean = 4.09, Std. Dev. = 0.892), details of faculty (Mean = 4.06, Std. Dev. = 1.115), information on infrastructure and other resources (Mean = 4.01, Std. Dev. = 0.939), campus placement (Mean = 4.01, Std. Dev. = 1.119) emerged as the information that have been more useful to the students. Results also indicated information which are moderately or less important to the students such as, organizational chart & process (Mean = 3.41, Std. Dev. = 1.197), scholarship offered, duration & amount (Mean = 3.25, Std. Dev. = 1.485), teacher/students ratio (Mean = 3.24, Std. Dev. = 1.376), norms and procedure for good governance (Mean = 3.06, Std. Dev. = 1.243), estimated cost of boarding and lodging in hostel (Mean = 3.06, Std. Dev. = 1.29), followed by students feedback on institutional governance (Mean = 2.97, Std. Dev. = 1.267), involvement of faculty/students in academic affairs (Mean = 2.75, Std. Dev. = 1.259), and grievance redressal mechanism for faculty and students (Mean = 2.4, Std. Dev. = 1.071).

The standard deviation values are consistent in case of some of information such as admission procedure (0.457), details about various courses offered and duration (0.475), details of fees & time scheduled for payment (0.892), information on infrastructure and other resources (0.939), while in case of some information the respondents have high divergence of opinions regarding these options, such as scholarship offered, duration & amount (1.485), teacher/students ratio (1.376), students feedback on institutional governance (1.267), involvement of faculty/students in academic affairs (1.259), norms and procedure for good governance (1.243). The findings indicated that some information mean high value to students while other having less important to students.

In response the information disclosed by management institutes, 61% respondents stated that it is essential for them to know about the management of an institute and functioning of management. In response of the same question 2/5 of students did not agree or not having a clear opinion. Nearly 4/5 students have mentioned the importance of information regarding faculty members, which include their qualification and experience. This is one of the most important information for students as their satisfaction level and relationships with institute largely depend upon that how much the students are satisfied with faculty members. Around 40% of the respondents are in agreement that information regarding what mechanism/norms and procedures are adopted by management institutes for democratic and good governance is significant for them where as 3/5 of the respondents were not having a positive opinion or did not have any opinion. The researcher has noticed that students feel that such information can be availed once they join the institute. About half of the students are in agreement that it is significant to know about teacher and students ratio while 45% were having different opinion. Only 1/3<sup>rd</sup> of the respondents have stated that it is important for them to know about the nature and extent of involvement of faculty and students in academic affairs or improvement where as others differ from the opinion or not having a clear opinion. 39% respondents mentioned that it is significant to know about whether student's feedback on institutional governance and faculty performance is utilized by the institutes or not where as 61% respondents did not have the same opinion or not having a clear opinion. The researcher has noticed that most of the students are more interested to know other information rather their involvement in the functioning of the management institutes. As far the details about various courses offered and duration are concerned majority of respondents have agreed on importance of this information and it is evident also that knowing about courses offered and duration are reasons for a student to make an interaction with an institute. Majority of students are in agreement that knowing about complete details about the admission procedure is very significant to them.

As far as the details about campus placement are concerned 3/4<sup>th</sup> respondents are in opinion that information regarding various companies visited the campus and number of students placed in these companies is significant to them but during the survey it has been observed that management institutes are disclosing manipulated information to students in this regard. Most of the students have stated that information about the fee structure and time schedule for payment is significant to them. Nearly half of the students said that it is significant for them to know about scholarships offered in different courses, criteria for scholarship, duration and amount of scholarship while rest of students were having a different opinion. The researcher has observed that students feel that such information can be after the admission. Among the respondents 45% have said that it is essential to know about detail regarding boarding and lodging in the hostel. The information includes hostel charges, security, capacity of rooms, facility provided, etc. In response to the same question 1/2 of the students have responded negatively or their opinion was not clear. It has been noticed that except some management institutes which are offering residential programs, in rest of the institutes around 10%-20% students avail hostel facility therefore, this information is less important for students to know. Nearly 4/5 students have agreed that it is significant to know the details about infrastructure and other available resource such as library, computer labs, workshop, etc. It is obvious also as these days when the competition has grown so much in self-financed management institutes students want to compare that which institutes are offering better infrastructural facilities than the others. In the response of grievance redressal mechanism for students, faculty and staff 1/4 respondents have said that information is significant to them where as 3/4 students were having a different opinion as some other information value more to students than this information.

On the other hand management institutes are also aware that some information values more to students and some less. So, on the basis of priority information are disclosed to the students. Keeping in view the fact, the researcher has interacted with respondents (N=40) working as directors/administrators in different institutes and took their opinion about the level of importance management institute are attached regarding the disclosure of various information on same parameters which were asked from students and purpose was to compare opinions of both of the respondents. The results of the survey are presented in Table 1.2.

TABLE 1.2: PERCEPTION OF DIRECTORS/ADMINISTRATORS ABOUT INFORMATION DISCLOSED TO STUDENTS

(Number of Respondents = 40)

S. No.	Variables	Mean Scores	Standard Deviation
1	Organizational chart & process	2.92	1.271
2	Details of Faculty	4.61	0.49
3	Norms & procedure for good governance	3.07	1.417
4	Teacher and students ratio	3.24	1.24
5	Involvement of faculty/students in academic affairs	3.7	1.208
6	Students feedback on institutional governance	3.11	1.598
7	Details about the courses offered and duration	4.73	0.423
8	Admission procedure	4.85	0.405
9	Campus placement	4.32	0.769
10	Details of fees & time scheduled for payment	4.24	1.071
11	Scholarship offered, duration & amount	3.61	1.356
12	Estimated cost of boarding and lodging in hostel	4.65	0.49
13	Information on infrastructure and other resources	4.6	0.496
14	Grievance redressal mechanism for faculty/students	2.94	1.328

**Source:** Computed on the basis of Field Data

Among various information disclosed to students admission procedure (Mean = 4.85, Std. Dev. = 0.405), detail about the various courses offered and duration (Mean = 4.73, Std. Dev. = 0.423), estimated cost of boarding and lodging in the hostel (Mean = 4.65, Std. Dev. = 0.49), details of faculty (Mean = 4.61, Std. Dev. = 0.49), information on infrastructure and other resources (Mean = 4.6, Std. Dev. = 0.496), campus placement (Mean = 4.32, Std. Dev. = 0.769), details of fees & time scheduled for payment (Mean = 4.24, Std. Dev. = 1.071), emerged as information more important to disclose. Results also indicated information which are moderately or less important for institutes to disclose for students. Such information listed as involvement of faculty/students in academic affairs (Mean = 3.7, Std. Dev. = 1.208), scholarship offered, duration & amount (Mean = 3.61, Std. Dev. = 1.356), teacher/students ratio (Mean = 3.24, Std. Dev. = 1.24), students feedback on institutional governance (Mean = 3.11, Std. Dev. = 1.598), norms and procedure for good governance (Mean = 3.07, Std. Dev. = 1.417), grievance redressal mechanism for faculty and students (Mean = 2.94, Std. Dev. = 1.328), organizational chart & process (Mean = 2.92, Std. Dev. = 1.271).

Standard deviation values are consistent in case of some of information such as admission procedure (0.405), details about the various courses offered and duration (0.423), details of fees & time scheduled for payment (0.892), estimated cost of boarding and lodging in the hostel (0.49), details of faculty (0.49), information on infrastructure and other resources (0.496), campus placement (0.769), while in case of some information the respondents have high divergence of opinions regarding these options, such as students feedback on institutional governance (1.598), norms and procedure for good governance (1.417), scholarship offered, duration & amount (1.356), grievance redressal mechanism for faculty and students (1.328). The findings indicated that some information mean high value to the administrators to disclose while some information mean less value to the administrators to disclose for the students.

From the responses it has come out that nearly 3/5<sup>th</sup> of the respondents admitted that institutes do not give much importance to disclose information regarding organizational chart and its process to students due to the reason that there are number of other information which value more to students to know than this information. Most of the respondents agreed on importance of disclosing information about faculty to students. Institutes know that having qualified and experienced faculty members is one of the most important factors to attract students. It helps in developing relationships with students and making them loyal to institute. As far as disclosing mechanism/norms & procedures for democratic/good governance is concerned respondents are divided. Among respondents 50% are in agreement and rests were having a different opinion. The respondents who were not in agreement gave reason that complete detail in this regard should be conveyed to students once they take admission and start attending classes. Opinions were also divided in case of providing information regarding students and faculty ratio. About 1/2 respondents were in disagreement of providing this information to students as they justified that faculty members' qualification and experience is sufficient information for students to provide in this regard. In case of nature and extent of involvement of faculty and students in academic affairs or improvement is concerned, 65% respondents were in opinion that this information helps in generating a better picture about institute in students' mind and help management institutes in achieving its relationship management objective. Students feed back on institutional governance and faculty performance is a kind of information where respondents were again divided. About 52% respondents are in agreement and rest did not have a positive or clear opinion. In this case, it has been observed that respondents felt that feedback from students should be considered while judging the performance of faculty but students should have minimum interference in case of overall institutional governance. As far as information regarding complete details about various courses and admission procedure is concerned majority of respondents are in agreement that students must be informed very clearly about various courses offered and duration as this is the information for which a student is looking for along with admission procedure through which a student has to pass while taking admission. Most of the respondents stated that proper information is given to students in regard with training and placement facilities provided by management institute. Respondents are very much known to the importance of training and placement activities and try to provide details to students such as, companies which have visited the campus, name of companies in which students have done summer training, and information regarding final placement along with the average package offered. Majority of respondents are opinion that complete details about fee structure of various courses and schedule of payment is conveyed to students. About 3/4<sup>th</sup> respondents are in agreement that information regarding scholarships offered by institutes, duration and amount of scholarships provided to students as it is a vital information which motivates students to work hard and affects relationships of an institute with its students. In case of disclosing information regarding estimated cost of hostel, facilities offered in hostel, infrastructure, library, computer labs, workshops etc., majority of respondents agreed that complete information are provided to students as all these information play a vital role in decision making process of students regarding different management institutes. Nearly 60% of the respondents are in agreement that information regarding grievance redressal mechanism for students is not significant to disclose. The respondents were in opinion that students should be explained about this information only after they take admission as there are number of other information which is more vital to students.

To ascertain level of difference among the respondents' opinion Mann-Whitney Test was conducted. High value (Mann-Whitney Test Value closer to 1.000) indicates that there is not any significant difference between the opinions of both of the respondents (Students and Directors/Administrators) while less value indicates (Mann-Whitney Test Value closer to 0.000) that there is a significant difference between the opinions of respondents (Table 1.3).

TABLE 1.3: RELATIONSHIP AMONG THE RESPONSES OF RESPONDENTS IN REGARD WITH INFORMATION SHARED BY MANAGEMENT INSTITUTES WITH STUDENTS

S. No.	Variables	Mean Scores (N=400)	Mean Scores (N=40)	Significance level of Mann Whitney Test
1	Organizational chart & process	3.41	2.92	0.163*
2	Details of Faculty	4.06	4.61	0.672**
3	Norms & procedure for good governance	3.06	3.07	0.601**
4	Teacher and students ratio	3.24	3.24	0.646**
5	Involvement of faculty/students in academic affairs	2.75	3.7	0.081*
6	Students feedback on institutional governance	2.97	3.11	0.334*
7	Details about the courses offered and duration	4.65	4.73	0.589**
8	Admission procedure	4.7	4.85	0.473**
9	Campus placement	4.01	4.32	0.442**
10	Details of fees & time scheduled for payment	4.09	4.24	0.592**
11	Scholarship offered, duration & amount	3.25	3.61	0.412**
12	Estimated cost of boarding and lodging in hostel	3.06	4.65	0.049*
13	Information on infrastructure and other resources	4.01	4.6	0.076*
14	Grievance redressal mechanism for faculty/students	2.4	2.94	0.072*

Note: \*, \*\* indicate Mann-Whitney Test value is significant at 5% and 1% levels respectively.

Source: Computed on the basis of Field Data

The student's response (Mean 3.41) in case of organizational chart and process is more than the mean value (Mean 2.92) of directors which indicates that there is a significant difference in the opinion and the same is supported by Mann-Whitney Test Value (0.015). Same is the case in response to some other variables such as, involvement of faculty/students in academic affairs (0.081), estimated cost of boarding and lodging in hostel (0.049), information on infrastructure and other resources (0.076), and grievance redressal mechanism for faculty/students (0.072). The response of both of the respondents is different in case of these mentioned variables and it is well justified by Mann-Whitney Test Value as in some cases students stated that that information is important to them but the directors/administrators stated otherwise or there opinion is much stronger to the opinion of the students while in the other case the directors/administrators stated that the information is important to students but the students stated otherwise or their opinion is much stronger to the opinion of directors/administrators. Responses of respondents in regard to other information are very similar such as, details of faculty (0.672), norms & procedure for good governance (0.601), teacher and students ratio (0.646), details about courses offered and duration (0.589), admission procedure (0.473), campus placement (0.442), details of fees and time scheduled for payment (0.592), the response of both of the respondents is similar as commonly they agree on the status of any information.

## CONCLUSION

After discussing the status of all the mentioned information it is can be concluded that students as well as the directors/administrators focused more attention on some information and less on other. But, it is necessary to state that all mentioned information should be disclosed by the management institutes on its websites as it has made mandatory by AICTE. The higher education system is still going through a phase where the educational institutes need to focus on much more aggressively on the different information which students require while search an institute for admission purpose. Due to the increased competition among the institutes the students are benefiting but still a lot to be done yet.

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**ECONOMIC DEPENDENCE OF TRIBAL ON FOREST: A CASE STUDY IN THE GANJAM DISTRICT OF ORISSA**

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**ABSTRACT**

Forest, is an important source of renewable natural capital that contributes a large component of environmental resource base of an economy. As an eco system it serves human society directly and indirectly by providing a large variety of goods and services. (Gutierrez, 1992; Pearce, 1992; Pearce and Warford, 1992). The important goods human society collects from forests are fuel, wood, timber, minor forest products and various services like Carbon Sink, Bio Diversity, Flood Control etc. (Reid and Miller, 1993, Shiva 1992). However, many of these important services are outside the market system (Hanley et al, 1997). Forests and tribals are like the two sides of the same coin, co-exist and are inseparable. The tribal life style is deeply interwoven with all aspects of tribals socio-economic, religious and cultural practices are knitted with the forest. Therefore, the forest is termed as the foster mother (Basu 1987). Tribals who always like to be in the midst of forest largely depend on the forest resources like stems, roots, tubers, fruits, leaves, flowers, herbs, meat from wild animals and birds for their daily needs. Even monetary requirements are also partly fulfilled by the minor forest products. India has the largest concentration of tribal population in the world (GOI, 2001). The tribals are children of Nature and their life style is conditioned by the ecosystem. On account of its varied Geo-climatic conditions and diverse ecosystem, India has a wide range of tribal people, 84.5% millions consisting of 8.4% of its total population. Majority of them are forest dwellers and in spite of many competing demand and pressures, these people continue to depend on forest for livelihood and existence. The present study is an attempt to examine the nature and extent of forest dependency of the local and tribal people in the South Ghumusar Forest Division area in Ganjam District of Orissa, India. The study is built upon both primary and secondary information

**KEYWORDS**

Economic Dependency, Forest Income, Tribal Community.

**INTRODUCTION**

Forest resources in particular often contribute to a substantial share of livelihoods of rural and tribal communities. There is increasing recognizing of the important role of forest and forest resources in the lives of the rural and tribal poor. More than one billion people in the world depend on forest for their livelihood (World Bank, 2001). Income from forest resources is common strategy of the poor to complement agricultural income from small and marginal land holdings (Dasgupta and Maler, 1993). It is coping strategy by the poor to mitigate the risk inherent in the subsistence agriculture (Pattanaik and Sills, 2001; Takasaki et al., 2004; Baland and Francois, 2005). Forest for the poor and tribal household, forestry is an important safety net.

**SCOPE OF THE STUDY**

The present study is perused under the Ghumusar South Forest Division in the district of Ganjam, Orissa, India, one of the most diversified geographical tracts. It has the highest number of people among the 30 districts of Orissa, a total population of 31.37 lakhs (2001 census), 8.55% of the state population. About 90,000 tribal people live in this District. The economy of this District is predominantly agricultural and forest based. However the coastal and the plain areas have gained momentum for commercial and industrial activities.

The Ghumusar South Forest Division has total of 1441.96 Sq Kms, 51.15% of the total area of the Division, 536.75 Sq. kms of reserve forest over 33 blocks and 905.20 Sq.Kms of non reserve forest over 66 blocks. The forest coverage in the division is higher than both the state and national average. Sorada block range is the largest range having 428.82 Sq.Kms of forest area, 29.73% of total forest over of the division (GOO, 2001). The Ghumusar South Forest Division has a sound forest base and hence influences the livelihood and life style of the surrounding people in a grater way. Our study is confined to forest dependence that is the economic contributions of the forestry sector to the life and living of the local tribal communities. The study looks into both the income and earnings from forestry in term of wood and non wood forest products.

In a summary statement it can be said that the study investigates an economic assessment of forest dependency by the tribals in their day to day earnings and livelihood.

**OBJECTIVES**

This study investigates the degree of economic dependence on forest resources of the tribal community living around the Ghumusara South Forest Division in the undivided Ganjam District of Orissa. Since forest resources play a prominent role in the livelihoods of the tribal people, the work intends to investigate the extent of contribution of forest and forest products to the economic life of the local tribal community. The specific objectives of the study are as follows:

- i. The role of forests in the survival strategies of tribal households.
- ii. How large is the forest income?
- iii. How is the level dependency on forest income?
- iv. The relative role NWFPs in forest income.

**HYPOTHESIS**

The study intends to verify the following hypothetical propositions through an analytical frame work.

**Hypothesis 1:** Forest income is the major source of livelihood for the poor tribal Communities.

**Hypothesis 2:** Forest income is closely and positively related to total income.

**Hypothesis 3:** Forest income levels and dependence postulate U shaped relations.

**MATERIALS AND METHODS**

The study is built upon both primary and secondary information. The secondary information has come from the reports and publications of various agencies and Government departments, voluntary agencies and NGOs, survey reports and research findings or other institutions. The reference materials have been gathered from the books and Journals available in the libraries in the state of Orissa as well as outside the state. Primary survey of 50 households in the study area consists of 9 villages. The primary survey was conducted during April- 2011 with the help of a structured questionnaire.

The relevant data collected form different sources are rearranged, processed and tabulated adopting standard statistical tools, tables and graphs are used to facilitate the analysis. The work is based as statistical and economic reasoning to judge and assets the dependence of tribals on forest and forest resources. During the household survey local measures were used to estimate forest products. Letter on they were converted to standardize to have meaningful quantitative analysis. The standardized prices of forest products were first ascertained form different villages and letter ex-village prices were set through

discussion with villagers. The processed data are presented through tables, graphs, figures etc. Standard statistical tools like mean, median, variance, standard deviation and percentages are very frequently used.

The central research problem is addressed through the primary information gathered from 50 sample households covering 9 villages and the sample villages were selected on the basis of a purposive random sampling. To examine the extent and nature of dependence on the forest a household survey was done to elicit data. Tribal communities living in and around the forest are the target group of the study. For conducting the primary household survey nine villages stretching over three Panchayats under the Ghumusar South Forest Division in the undivided Ganjam Districts of Orissa were taken. Again only fifty households were chosen randomly from the nine villages which consist of 23.36% of total households in the villages. Among the tribal communities dominant communities like Kandhas and Sauras were selected for the purpose.

In the study, the flow approach has been adopted. The income has been measured as the share of product consumed by the households and that sold in the market. For the household consumption purpose, products being valued at retail prices prevailing in the village.

In this work, the concept of stated income is used, in which the head of the household expressed their annual income from different sources by memory recall method. The total income of the household is composed of the sum of the value of the total production under different activities. The composition consists of the value of output from agriculture, forests, shifting cultivation, livestock.

The sample households come from 9 villages under three different forest ranges of old Ghumusar South Forest Division. The selection of villages was on the basis on the forests.

## REVIEW OF LITERATURE

A socio-economic survey of 329 households, living in four villages on the fringes of forests in Sambalpur, Mayurbhanj and Ganjam districts, revealed that an average household draws as much as 49.2% of its total annual income/benefits from forests (Singh, 1997).

Prof. B.K. Roy Burman Committee estimated that in tribal areas more than 60 percent of the households depend on forests for incomes ranging from 25% to 75% every year.

Mallik (2000), estimated the percentage of income derived from forest varied from 22 per cent to 41 per cent in different forest areas in undivided Koraput and Kalahandi districts. The poor particularly the landless labourers and marginal farmers derived the largest share of their total income from forest products.

William Cavendish's study (2000) of 30 villages of 200 households in the Shindig ward of Zimbabwe in the late 1990s provides a careful look at how the poor make use of nature-based income.

## TRIBAL POPULATION IN ORISSA

The geographic area of Orissa is 15.57 million hectares, which constitutes 4.74 % area of the country. Total geographical land area is 15,571,000 hectares, out of which 5,606,000 hectares is the total forest area which is the 36% of the total land area (GOI,2000) .

So far as Orissa State is concerned it has 48838 Sq. Kms forests, 7.38% of total national forest area is 31.4% of the total geographical area of the state. Of this 52.28% is dense forest and 47% of the total forest area under reserve forest, protected area is 52% and 0.02% of on classified forest. Orissa forest is composed of tropical broad leafed species like Sal (*Shorea Robusta*), Teak (*Tectona Grandis*) which are economically viable.

Forests and trees have customarily played a critical role in the livelihoods of the tribal poor in Orissa. The majority of this group depends fully or in part on forest resources to meet their subsistence needs. For them, forests are also a source of construction material, fuel, medicines, animal feed and nutrients for crops. The tribal population thus has an organic link with forests as they depend on forest resources almost throughout the year (Pathy 2003, p. 2834). Many of these rural people are also forest producers, who plant trees along their farm boundaries. Also, small scale manufacturing of forest-based products like furniture, tools, and baskets provides an important source of rural non-farm employment to these poor people. For many poor people in the forested and marginal agricultural lands, commercial markets for these forest products offer one of the few available and sustainable options to overcome/alleviate their poverty.

## FOREST BASED ACTIVITIES IN THE STUDY AREA

Goudagotha Panchayat is bordering Orissa state and is 30 km away from the nearest NH -217. All of the tribal groups are Sauras and Kandhas. There is neither electricity nor drinking water facilities and the valley has no paved roads. The reserved forest here is completely degraded. Tribals depend on agriculture and shifting cultivation.

In contrast to other tribal areas, the Goudagotha Panchayats have excessively depend on forest-based activities due to thick forest cover. There is a plenty of fodder, fuel wood and timber. Women walk a distance of 1-2 km twice a week for firewood. Fodder for Livestock is easily available around their region. Women and children are primarily responsible for grazing the cattle. To obtain construction timber, the tribals travel 3-4 km. For medicinal plants and herbs that are widely used in the villages, medicine men travel for at least two three days in the forests more than 30 kms away. Approximately 70 percent of all the work is done by women and female children. This includes work related to agriculture, forest produce collection and domestic chores. Men are primarily responsible for ploughing the fields and carrying forest products the daily market.

About 70 percent of the populations in Mohana Panchayats are identified as tribal people. The tribals in this area belong to Sauras and Kandhas. The demarcation of reserve forest falls close to the inhabited villages and is a source of conflict between the tribals and the forest department. Tribals use the forests as sources of NWFPs, fuel wood, housing materials, medicinal herbs, water and irrigation, and for grazing their cattle, hunting and charcoal making.

Several different NTFPs in Mohana Panchayat are collected by tribal women such as Sua, tamarind, nuts, fruits, kanugu, jack and mango. It is very labor intensive to collect many of these forest products. In the case of adda leaves and tamarind, women play a major role in collecting, drying, packing them into baskets and carrying the processed products to the markets. Stall feeding of cattle is not practiced in this area. Men take the cattle out for grazing and travel very close to their villages. For firewood, both men and women travel 2 to 3 km once every two days. Women, however, spend more time collecting dry twigs and logs whereas men fell trees and take them back to the village. It is women, however, who go for firewood collection, especially during the agricultural season when men are busy ploughing the fields. It is not uncommon for women to gather wild tubers and roots while collecting firewood.

Manikyapur Panchayat is very close to the main road to Berhampur road. The tribes cultivate paddy, agriculture is primarily on dry land. Minor cereals, millets, pulses, red gram, and oilseeds like Niger and castor, are the main cash crops. Shifting cultivation is rarely practiced in this Panchayat.

Some of the tribes of Manikyapur Panchayat under Dharakote block are different from the tribes of Goudagotha Panchayat under Sorada block. Most of the tribals depend on bamboo and bamboo product. They are engaged in the "Pati" work, means making baskets from bamboo. In this Panchayat there is a small amount of tribes. Their life style is just like the life style of their neighborhoods. The tribes of this Panchayat have to walk 4 to 5 kilometers to collect fuel wood, small log, leaves and fruits. In contrast to other tribal areas, the people of this Panchayat have very few forest-based activities due to the absence of forest cover. They face extreme shortages of fodder, fuel wood and timber. Women walk a distance of 4-5 km twice a week for firewood. A frequent source of fuel in this region is the dung cakes prepared by the women. However they have to commute 8 to 10 kilometers for timber and bamboo for making baskets. Their main occupation is to make basket out of bamboo. Some of the tribes are agriculturalist having their own land and bullocks. They got considerable income from goat and making basket. The lands are irrigated by the Harabhangi Irrigation Project. Though lands are irrigated the average productivity is very low, because they are not using modern technology in the process of production. They are the untouchable persons of their region. They are prohibited to enter the temples and other scared places of their region. The tribes have to walk Theravada for selling their forest product. There is medical facilities and fresh drinking water. For their medical they have to walk only 1 kilometer to the near Primary Health Centre of Manikyapur.

It is evident from the description of forest dependence in these three Panchayat Ganjam district of Orissa, that tribal household survival is inextricably bound to forests. This is so even in areas where forests have receded. Moreover, it is the women and children who transform the forests to meet both subsistence and income needs of a tribal household. Women and children in all of these Panchayats engage in NWFP and fuel wood collection to a greater extent than men.

Men, on the other hand, are primarily responsible for house construction and agriculture. Much of the collection of NTFPs, fuel wood and fodder are undertaken in forests and common lands adjoining the villages. When forests and commons are highly degraded, as in the Manikyapur Panchayat of Dharakote block, women and men travel long distances to obtain the necessary fuel, fodder, food, and medicinal plants. Where forests and commons are degraded, enormous additional burdens are placed on women and children. From comparisons of the different Panchayats the Ganjam districts, there is a positive relationship between the level of forest degradation and the amount of time and labor expended by women and children in collecting forest produce. Exploratory data also indicate that women and children engage in NTFP collection for a greater portion of the year in these degraded areas. The duration of NTFP collection ranges between 6 and 9 months out of the year. NTFP collection is seasonal and contingent on the availability of the product. Pressure on the forests in this region is increasing, but left with few alternatives for sustaining their livelihoods, tribal expend ever greater energy and resources in collecting increasingly precious NTFPs. The rapid decline in forests and village commons in semi-arid regions has eroded sources of supplementary income for women. In the face of these pressures, it is critical to give women greater say in the control and use of village forests and commons because they tend to fare better under common property resource regimes, where the rights are more egalitarian between genders, than in privatized property regimes where men have more control (Agarwal, 1994a). Forest co-management strategies that fail to engage women in the use, control and management of village forests place women in a precarious situation vis-à-vis forest resources. In spite of all the pressures, women will still continue to rely on forest resources, but the absence of their rights and responsibilities to control and use these resources will make them vulnerable and leave them without options against competing claims.

TABLE-1: CONTRIBUTION OF FOREST INCOME

Table-1: Contribution of Forest Income					
Total Income	Forest	Farm	Livestock	Wage work	Total
1	2	3	4	5	6
2	23895 (30.62)	18900 (24.21)	28200 (36.13)	7040 (9.0)	78035 (100)
3	37423 (76.56)	8245 (16.86)	3210 (6.56)	0	48878 (100)
4	7396 (56.47)	5700 (43.52)	0	0	13096 (100)
5	26626 (63.93)	13560 (32.56)	1460 (3.50)	0	41646 (100)
6	13881 (62.86)	8000 (36.23)	200 (0.91)	0	22081 (100)
7	7408 (23.42)	21070 (73.12)	2350 (0.91)	0	31628 (100)
8	26234 (82.92)	4750 (15.01)	650 (2.05)	0	31634 (100)
9	82120 (54.45)	63050 (41.81)	5620 (3.72)	0	150790 (100)
Total	246208 (49.28)	203875 (40.81)	42440 (8.49)	7040 (1.42)	499563 (100)

Source: Household Survey

#### FOREST CONTRIBUTION TO AGGREGATE INCOME IN THE STUDY AREA

In the survey we used a stretched income approach where the head of the households were asked to state their annual income in a memory recall method. The total income of the household is composed of the sum total of various sources like agriculture, daily wage, forest, livestock etc. The sectoral composition of income for the sample villages and the total sample is presented in Table- 1. Incase of the whole sample forest contributes 49.28%, the highest share followed by agriculture (40.81%), livestock (8.49%) and wage work only 1.42%. The sectoral composition indicates the importance of forest income, which except of villagers 1 and 7 are above 25% of total income. Villages 1 and 7 have an agrarian dominates, agriculture contributes 73% to the total income of the villages. Wage work is present only in Khajuripoli village. Livestock income is higher in Khajuripoli village and it is below 10% of the total income for the rest of the villages.

#### EARNING AND INCOME SHARES BY SOURCE AND BY VILLAGE

Forest income is of two types, absolute income and cash income. Cash income is otherwise known as the income earned from the sales of the surplus forest product over and above self consumption/subsistence. The part of cash income is important since it is surplus and is used for the betterment or welfare of the household. Looking from this angle it is inferred that forest income plays an important role by contributing a proportionately higher share. As is seen from the table a total of 51% of earnings or cash income comes from the forest sector for the whole sample. The contribution ranges between 9 % (village 7) to 93% (village 8). Five out of nine villages enjoy more than 60% of cash income from forestry. This is not an uncommon finding as in the absence of alternatives forest dwellers largely depend on the local natural resources, the forests. (Table-2)



TABLE-2: EARNING AND INCOME SHARES BY SOURCE AND BY VILLAGE (IN INDIAN RUPEE)

Sales earnings	Forest	Farm	Livestock	Wage work	Total
(1)	(2)	(3)	(4)	(5)	(6)
1	6890 (0.13)	44000 (0.85)	640 (0.01)	0 (0)	51530
2	3900 (0.24)	2400 (0.15)	2600 (0.16)	7040 (0.44)	15940 (1.00)
3	21346 (0.42)	125 (0.02)	29000 (0.57)	0 (0)	50471 (1.00)
4	4051 (0.81)	900 (0.18)	0 (0)	0 (0)	4951 (1.00)
5	9242 (0.61)	4550 (0.30)	1250 (0.08)	0 (0)	15042 (1.00)
6	12100 (0.89)	1250 (0.09)	200 (0.01)	0 (0)	13550 (1.00)
7	900 (0.09)	6370 (0.67)	2150 (0.15)	0 (0)	9420 (1.00)
8	19490 (0.93)	750 (0.03)	650 (0.03)	0 (0)	20890 (1.00)
9	57810 (0.71)	22090 (0.27)	590 (0.03)	0 (0)	80490 (1.00)
Total	135729 (0.51)	82435 (0.31)	37080 (0.14)	7040 (0.02)	262284 (1.00)
Total Income					
1	21225 (0.25)	59800 (0.73)	750 (0.09)	0 (0)	81775 (1.00)
2	23895 (0.30)	18900 (0.24)	28200 (0.36)	7040 (0.09)	78035 (1.00)
3	37423 (0.76)	8245 (0.16)	3210 (0.06)	0 (0)	48878 (1.00)
4	7396 (0.56)	5700 (0.43)	0 (0)	0 (0)	13096 (1.00)
5	26626 (0.63)	13560 (0.32)	1460 (0.03)	0 (0)	41646 (1.00)
6	13881 (0.62)	8000 (0.36)	200 (0.09)	0 (0)	22081 (1.00)
7	7408 (0.23)	21070 (0.73)	2350 (0.09)	0 (0)	31628 (1.00)
8	26234 (0.82)	4750 (0.15)	650 (0.02)	0 (0)	31634 (1.00)
9	82120 (0.54)	63050 (0.41)	5620 (0.37)	0 (0)	150790 (1.00)
Total	246208 (0.49)	203875 (0.40)	42440 (0.08)	7040 (0.01)	499563 (1.00)

Source: Household Survey

**RELATIONSHIP BETWEEN TOTAL INCOME AND TOTAL FOREST INCOME**

Forest income is closely and positively related to total income. We found the forest income increased with an increase in total income. This can be explained with a simple regression analysis (using a log log model that provides the best fit). Our study also supports and produced the following result.  $\log AFI = 0.100 + 0.924 \log AI$  (AFI = Absolute forest income, AI = absolute total income). The equation shows the elasticity of forest income with respect to total income is close to unity.

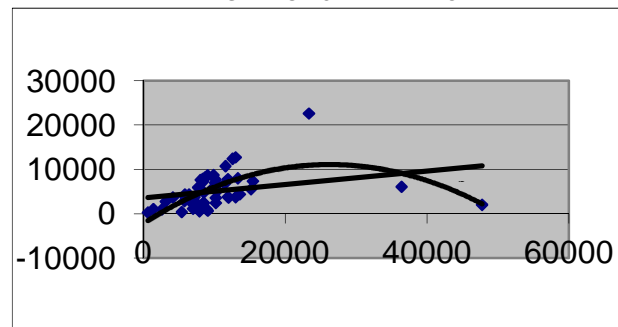
Variable	Coefficient	Standard Error	t-ratio	P[ T >t]	Mean of X
Constant	.1008897461	1.6440244	.061	.9526	
LOGAI	.9245390674	.14985480	6.170	.0003	10.926214

R<sup>2</sup>(adj)=0.80462, N=10

**DISTRIBUTION OF FOREST INCOME**

How does forest dependence change with total income? The total forest income increases as we move from the bottom to the top, there emerges an important pattern that the relationship between the two exhibits a bell shaped relationship. From the graph presented below it is observed in the study area that with an increasing total income forest dependence increases upto a certain level, beyond which it is found the forest dependence declines with an increase in income. This means there is environmental Kuznets curve, where an inverted U shape emerges between the increase in total income and increase in forest income. This says in share of forest income the poorest and the richest groups have a significantly lower dependence than the intermediate group or the people in the middle income range.

FIG - 1: FOREST DEPENDENCY



## CONCLUSION

This research empirically analyzed the relationship between livelihood and income of the tribals and the surrounding forests in the South Ghumusar Forest Division of Ganjam, in Orissa. An attempt is made to measure the nature and extent of forest dependency of Kandhas and Sauras as their economic life through a set of statistical and econometrics tools and well defined and relevant variables.

Importance of forest income is evident from the information gathered through household survey. In this chapter we found forest resources contribute largely to the economy of the forest dwellers. 49% of the total income comes from the forest resources and 51% of the total earnings is the contributes of the forest to the local economy. Agriculture is just behind the forest resources contributing 40% in total income and 31% to total earnings.

Among the nine villages majority of them also enjoy a higher share of their cake from this sector. Considering various concepts of income like the absolute income, subsistence income, cash income and relative income for both forest and non forest sectors we found that forest is the major contributors to the economic life of the tribal people. It is not only a substance sector, rather it supports a larger portion of the cash income which are spent in other sectors like purchase of a farm implements that add to the wealfare of the tribal community. Also the study conformed two component substances that can increase in total income positively supports the quantity of forest income and forest income is high of among the middle income group and less for the very poor and rich. This indicates a higher portion of forest income contributes in the middle group hinting on the presence of an environmental Kuznet' Curve in the forest sector.

## VERIFICATION OF HYPOTHESIS

The ratio and the percentage methods, the simple regression model and the trend analysis with the help of the scatter plot and graph the entire three hypotheses are conformed.

The data and information from household survey indicates high level of dependence on forest for income. Sample households derive 49% of income on an average. A component analysis of income that is the subsistence income and cash income both are high for the lower communities. This confirms the first hypothesis, that forest income is the major source of livelihood for the poor tribal communities. It is a common that forest income is closely and positively related to total income. An increase in total income for the forest dependent communities is associated with an increase in forest income. Our second hypothesis is based on this using a simple log log regression model; we found that elasticity of forest income with respect to total income is close to unity. This confirms our 2<sup>nd</sup> hypothesis. Forest dependence changes with total income.

This hypothesis emphasizes on this, we proved this using the total income and the forest income. The linear trend in figure 1 states that, forest income increases, with the increase in total income, but distribution of forest income along with the increase in total income is in form of a inverted 'U' shaped (Fig-1). This confirms our 3<sup>rd</sup> hypothesis.

## SUGGESTIONS

The analysis of the research problem provides the following suggestions and recommendations in order to improve the economic strength of the forest dependent communities on account of the importance and the role forests play in these poor men's economic life.

Since forest income has a crucial role for the tribal households, for both income and consumption purposes, there is a need to recognize this sector.

An important policy implication stems from this study that, since forests have greater role for poverty alleviation, therefore forest based approaches are necessary in poverty alleviation.

Increasing access to forest resources many enhance the income derived from forest. So there is a need for careful designing of access to forest resources. For sustainable management of forest resources, policy makers need to understand the regional differences in the volume of capacity of forest resources and also how individual household's responses to alternative attributes is?

Study findings indicate potential forest led for poverty reduction through cooperation. Therefore there is a need for joint and community forest management which is also important from the point of view of sustainability of the forest resources.

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**NON – PERFORMING ASSETS IN STATE CO-OPERATIVE BANKS IN INDIA – AN EMPIRICAL STUDY**

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**ABSTRACT**

*The present article aims at examining the Non-Performing Assets (NPAs) – Concept and Status in State Co-operative Banks (StCBs) in India. This article analyses the prudential accounting norms relating to capital adequacy, income recognition, assets classification and provisioning standards. The position and growth standard assets, sub-standard assets, doubtful assets, loss assets, gross NPAs, provision for NPAs and net NPAs are discussed with the help of percentage analysis and compound growth rate for all the StCBs in India. With the tightening of prudential norms, the banking sector has been consistently conforming to and adopting international prudential norms and accounting practices. Such strengthening of prudential norms has resulted in increased levels of NPAs for the StCBs. Although StCBs continue to play an important role, the relatively high levels of NPAs have made these banks weak and vulnerable. Gross NPAs of StCBs in India stood at Rs.6168 crores (12.79% of total gross advances) and the net NPAs at Rs.3171 crores as on March 31, 2008 (7.01% of total net advances). These figures pose a severe threat to the profitability, liquidity, and solvency position of these banks. In the context of global competition, it is paramount task for the banks to manage their NPAs more efficiently so that they can change their character from non-performing assets to performing assets.*

**KEYWORDS**

Doubtful Assets, Loss Assets, Non-Performing Assets, Standard Assets, Sub-Standard Assets.

**INTRODUCTION**

StCBs play an important role in providing Short-term, Medium-term and Long-term credit to Farm and Non-Farm Sector directly or through District Central Co-operative Banks (DCCBs). Although StCBs continue to play an important role, the relatively high levels of NPAs have made these banks weak and vulnerable. Gross NPAs of StCBs in India stood at Rs.6168 crores. (12.79% of total gross advances) and the net NPAs at Rs.3171 crores as on March 31, 2008 (7.01% of total net advances). NPAs which reduce the profitability and liquidity indirectly affect the solvency position of the banks. The NPAs affect the banks in several ways. Not only banks lose income on these advances, but they have also to incur heavy recurring expenditure to maintain them in their books of account.

The impact of NPAs results in lower interest rates to depositors, higher rates of interest to borrowers, higher rates of services charges to all customers, more provisions towards loans losses, more capital contribution and less return to shareholders by way of dividend. Prudential accounting norms has special significance in the new banking system with its focus on efficiency, profitability of the system and protection of investors and depositors interest. Its main elements of prudential accounting norms relating to capital adequacy, income recognition, assets classification and provisionary norms are discussed later.

**NON-PERFORMING ASSETS: CONCEPT**

The Indian Banking System has several outstanding achievements to its credit, the most striking of which is its reach. An extensive banking network has been established in the last thirty years. The Co-operative Banks are now spread out even into the remote corners of our country. Indian's co-operative banking system is one of the largest in the nation in terms of the branch network of the banks.

Non-performing assets, popularly known as "NPAs", have become a worrying issue in all the public sector banks. NPA is a new phenomenon with regard to the StC Banks. The issue of NPA came into limelight only when the RBI introduced the concept of asset classification, income recognition and provisioning norms to assess the credit risk of the StC Banks in their balance sheets on 31.03.1997.

With the view to enhance operational efficiency, productivity, profitability and to accomplish the objective of implementing the best international practices in the StC Banks especially with regard to revenue recognition, asset classification, provisioning, capital adequacy and Investments Portfolio, the RBI introduced a new set of prudential norms during the year 1996.

Banks were advised to implement the instructions from the accounting year 1996-97. Each branch was directed to undertake the exercise of the classification of assets making provisions and these should be verified by competent officials from the internal inspection departments/controllers offices. The banks should also get the classification, etc., verified by Auditors and a certification to this effect obtained from the Auditors. The Balance Sheet for the year ended 31.3.1997 should reflect the financial position of the banks as arrived at on the basis of instructions now issued to banks.<sup>1</sup>

With a view to preparing the Profit and Loss account and the Balance Sheet, reflecting the bank's actual financial health, a proper system for recognition of income, classification of assets and provisioning on a prudential basis have been made necessary. Regarding provision requirement, provisions should be made on the basis of classification of assets into four different categories - standard, sub-standard, doubtful and loss assets.

**NON-PERFORMING ASSET (NPA) - MEANING**

An asset becomes non-performing when it ceases to generate income for the bank. A non-performing asset (NPA) is defined generally as a credit facility in respect of which interest and/or instalment of principal has remained "past due" for two quarters or more. An amount due under any credit facility is treated as "past due" when it has not been paid within 30 days from the due date. It was, however, decided to dispense with the "past due" concept with effect from 31 March 2001.

**SCOPE OF NPAs**

A Non-Performing Asset (NPA) is an advance where.

- Interest and/or installment of principal remains overdue for a period of more than 180 days in respect of a term loan,
- The account remains out of order for a period of more than 180 days in respect of an overdraft/cash credit (OD/CC),
- The bill remains overdue for a period of more than 180 days in the case of bills purchased and discounted,
- Interest and/or instalment of principal remains overdue for two harvest seasons or for a period not exceeding two half years in the case of an advance granted for agricultural purposes.
- Any amount to be received remains overdue for a period of more than 180 days in respect of any other accounts.<sup>2</sup>

The mid-term review of the Monetary and Credit Policy of the Reserve Bank of India for the year 2002-03 announced a 90-day-norm for the recognition for loan impairment which has been extended to the StCBs/DCCBs from the year ending 31.03.2006. With effect from March 31, 2006, NPAs include amounts.

- Interest and/or installment of principal remaining overdue for a period of more than 90 days in respect of a term loan.
- The amount remains out of order for a period of more than 90 days in respect of a Overdraft/Cash Credit (OD/CC).
- The bill remains overdue for a period of more than 90 days in the case of bills purchased and discounted.
- In respect of direct agricultural loans the existing norms of classification of NPA will continue. (All direct agricultural advances will be classified as NPA of the interest and/or installments of principal remains overdue for two harvest seasons but for a period not exceeding two half years). But, in respect of other agricultural loans for allied agricultural activities, 90 days norms will apply.
- Any amount to be received remains overdue for a period of more than 90 days in respect of all other accounts.<sup>3</sup>

## PRUDENTIAL ACCOUNTING NORMS

Prudential norms were initially introduced for commercial banks and extended later to the co-operative banks functioning under the regulations of the RBI. However, co-operative banks differ structurally and operationally from commercial banks. Since commercial banks have more potential in all spheres, the co-operative banks face various obstacles to their existence. Commercial banks have flexibility in operations while the co-operative banks are not only denied flexibility, but are also bound to comply with the rigid rules and regulations of the Registrar of Co-operative Societies (RCS).

As far as the lending policies are concerned, the Manager of a commercial bank has got discretionary power either to sanction or reject a loan proposal whereas the manager of a State Co-operative Bank is controlled by certain rules in granting some loans even if they are not viable.

The StCBs were advised by the RBI to implement the prudential norms for income recognition, assets classification and provisioning from the accounting year 1996-97.<sup>4</sup>

### CAPITAL ADEQUACY NORMS

The RBI introduced the risk assets ratio system for banking in India as a capital adequacy measure. Under the system, the balance sheet assets, non-funded items and other off-balance sheet exposure were assigned risk weight according to the prescribed percentage.

The weighted aggregate of the degree of credit risk is expressed as percentage of the funded and non-funded item. The aggregate is used to determine the minimum capital ratio. The risk-weighted assets ratio approach to capital adequacy is more equitable as institutions with a high risk assets profile have to maintain a higher level of capital. The integration of the on-balance sheet and the off-balance sheet exposures into the capital ratio would promote risk sensitivity and skills to manage the risk and structure balance sheet in a prudent manner. Thus, capital adequacy is the ratio of capital to risk-weighted assets. According to the Bank of International Settlement (BIS) norms, co-operative banks were required to maintain a minimum capital to risk asset ratio of eight per cent.<sup>5</sup> Adoption of this norm will be advantageous in many ways. It does not distinguish between small or big, commercial or co-operative, banks.

However, co-operative banks are different from commercial banks and as such capital adequacy norms as applied to commercial banks cannot be made applicable to co-operative banks. It is felt that the RBI should help co-operative banks in getting restrictive provisions of the State Co-operative Act removed and then prescribe a time schedule for attaining capital adequacy norms.<sup>6</sup>

As per the RBI guidelines, the minimum capital adequacy ratio of nine per cent should be maintained by the Indian Banks since March 2000 according to the Basle Committee Recommendations.<sup>7</sup> Commercial banks are required to achieve nine per cent Capital Risk Weighted Assets Ratio (CRWAR) by 31<sup>st</sup> March, 2000.<sup>8</sup> It should be noted that the Narasimham Committee has suggested an increase in capital adequacy ratio to 10 per cent to be achieved by 2002.<sup>9</sup>

The Narasimham Committee has also suggested that there should be no further recapitalisation of banks from the Government budget. However, the Committee is silent on recapitalising the co-operatives which must be strengthened for ensuring adequate flow of credit to the rural sector.

### INCOME RECOGNITION NORMS

#### 1. INCOME RECOGNITION POLICY

The policy of income recognition is based on the record of recovery and the unrealized income should be taken to the Profit and Loss Account by the StCBs/DCCBs. However, in the case of certain states where the State Co-operative Act/Rules and Audit Manual provide for taking such unrealized interest to the income head in the P&L A/C, it is necessary for those StCBs/DCCBs to make full provisioning for an equivalent amount by charging of the P & L A/C.

(i) Fee, commission and other income may be treated as income only when the account is classified as standard. Besides, a matching provision should be created to the extent such items were treated as income in the previous year but not realized in the subsequent year.

(ii) Fees and commission earned by banks as a result of renegotiation or rescheduling of outstanding debts should be recognized on an accrual basis over the period of time covered by the renegotiated or rescheduled extension of credit.

(iii) Even in the case of credit facilities backed by Government guarantee, overdue interest can be taken to P & L account only if matching provision is made.

(iv) The bills purchased/discounted should be treated as overdue if they remain unpaid. Interest may be charged to such bills and may be taken to P & L Account provided matching provision has been made.

(v) Accrued interest on investments may be taken to P & L Account till maturity. However, it has to be provided for fully, if interest is not realized on the due date/the date of maturity.

#### 2. REVERSAL OF INCOME

If any advance, including bills purchased and discounted, becomes NPA as at the close of any year, interest accrued and credited to income account in the corresponding previous year, should be reversed or provided for, if it is not realized. This will apply to Government guaranteed loan accounts also. In respect of fees, commission and similar incomes that have accrued and credited to the income account in the corresponding previous year should be reversed or provided for with respect to past periods, if uncollected.

#### 3. APPROPRIATION OF RECOVERY IN NPA

Interest realized on NPAs may be taken to the income account provided the credits in the accounts towards interest are not out of fresh/additional credit facilities sanctioned to the borrowers concerned. In the absence of a clear agreement between the bank and the borrower for the purpose of appropriation of recoveries in NPAs (i.e. towards principal or interest due) banks should adopt the accounting principle and exercise the right of appropriation of recoveries in a uniform and consistent manner.

## NORMS FOR ASSET CLASSIFICATION

The main elements of prudential norm relate to asset classification. Earlier Commercial banks classified their advances into eight health codes. i.e. Satisfactory, Irregular, Sick : Viable/under nursing, Sick : Non-viable/sticky, Advances recalled, Suit filed account, Deceased debts and Debts classified by the bank as Bad/Doubtful. Now, assets are classified into the following four categories.

### STANDARD ASSETS

Standard asset is one which does not disclose any problem and which does not carry more than normal risk attached to business. Thus in general all the current loans, agricultural and non-agricultural loans, which have not become NPA may be treated as standard assets.

### SUB-STANDARD ASSETS

A Non-performing asset may be classified as sub-standard on the basis of the following criteria.

- An asset which has remained overdue for a period not exceeding three years in respect of both agricultural and non-agricultural loans should be treated as sub-standard.
- In the case of all types of term loans, where instalments are overdue for a period not exceeding three years, the entire outstanding in term loan should be treated as sub-standard.
- An asset, where the terms and conditions of the loans regarding payment of interest and repayment of principal have been renegotiated or rescheduled, after commencement of production, should be classified as sub-standard and should remain so in such category for at least two years of satisfactory performance under the renegotiated or rescheduled terms. In other words, the classification of an asset should not be upgraded merely as a result of rescheduling unless there is satisfactory compliance with the conditions.

### DOUBTFUL ASSETS

A non-performing asset may be classified as doubtful on the basis of following criteria.

As asset which has remained overdue for a period exceeding three years in respect of both agricultural and non-agricultural loans should be treated as doubtful. In the case of all types of term loans, where instalments are overdue for more than three years, the entire outstanding in term loan should be treated as doubtful. As in the case of substandard assets, rescheduling does not entitle a bank to upgrade the quality of advance automatically. A loan classified as doubtful has all the weakness inherent as that of a sub-standard account. There is also a problem of weakness in the collection or liquidation of the outstanding dues in such an account in full.

**LOSS ASSETS**

Loss assets are those where loss is identified by the bank/auditor/RBI/ NABARD inspectors but the amount has not been written off wholly or partly. In other words, an asset which is considered unrealizable and/or of such little value that its continuance as a doubtful asset is not worthwhile, should be treated as a loss asset. Such loss assets will include overdue loans in cases (a) where decrees or execution petitions have been time barred or documents are lost which are legal proof to claim the debt, (b) where the members and their sureties are declared insolvent or have died leaving no tangible assets, (c) where the members have left the area of operation of the society (refers to the borrower in whose name the respective loan account with StCB/DCCB) leaving no property and their sureties have also no means to pay the dues (d) where the loan is fictitious or when gross misutilisation is noticed, and (e) amounts which cannot be recovered in case of liquidated societies.

**PROVISIONING NORMS ON THE BASIS OF ASSET CLASSIFICATION**

Provisioning is necessary considering the erosion in the value of security charged with the banks over a period of time. Therefore, after the assets of DCCBs/StCBs are classified into various categories (viz. standard, sub-standard doubtful and loss assets) necessary provision has to be made for them. The details of provisioning requirements in respect of the various categories of assets are explained below:

**PROVISION FOR STANDARD ASSETS**

Banks are required to make provision on standard assets at a minimum of 0.25 per cent of the total outstanding in this category. The provision made on standard assets may not be reckoned as erosion in the value of assets and will form part of owned funds of the bank. The advances granted against term deposits, National Savings Certificates (NSC) eligible for surrender, Kisan Vikas Patras (KVP), Indira Vikas Patras (IVP), Life policies, staff loans would attract provision of 0.25 per cent prescribed for standard assets. The provision towards standard assets need not be netted from gross advances and should be shown separately as "Contingent provision against standard assets" under "other liabilities and other provisions".

**PROVISION FOR SUB-STANDARD ASSETS**

Since it is probable that a bank incurs some loss in such accounts, a general provision of 10 per cent is required to be made on the total outstanding amount in the case of all loan accounts categorised as sub-standard.

**PROVISION FOR DOUBTFUL ASSETS**

(a) A provision of 100 per cent of the advances is to be made to the extent to which the advance is not covered by realizable value of securities to which the bank has valid recourse and the realizable value is estimated on a realistic basis.

(b) Over and above the provision on the unsecured portion, a provision of 20 per cent, 30 per cent and 50 per cent of the secured portion has to be made depending upon the period for which an asset has remained overdue (Chart -1).

**CHART-1: CRITERIA FOR PROVISION FOR DOUBTFUL ASSETS**

Criterion	% Provision
Overdue above 3 years and up to 4 years	20
Overdue over 4 years, but not exceeding 6 years	30
Overdue exceeding 6 years	50

**PROVISION FOR LOSS ASSETS**

The entire loss assets should be written off. If the assets are permitted to be retained in the books for any reason, 100 per cent of the outstandings thereof should be fully provided for.<sup>10</sup>

**REASONS FOR NPAs**

There are numerous reasons for the high level of NPAs ranging from both policy and environmental factors (Narasimhan). According to RBI as much as 47% of NPA originates from priority sector. There are other forms of direct credit, like nursing sick accounts on accounts of pressure from the Government. The populist 'loan meals' and waiver of debts granted to large number of peasants, artisans and rural poor also result in mounting NPAs in the subsequent period. The high level of NPAs can also be attributed to the inherent weakness prevalent in our legal systems. The legal procedures in India are tardy and torturous and it takes years to settle a case. No doubt, part of NPAs may have been the result of banker's inaptitude or bonafid decisions going wrong, but a substantial chunk can perhaps be attributed to political meddling which polluted the repayment ethos. Various studies have been conducted to analyse the reasons for NPA (Majumdar). Whatever may be the reason, complete elimination of NPA is impossible.

The main reasons for NPAs in the StCBs are given as follows:

- Absence of professional management.
- Faulty credit deployment and poor recovery.
- Strict application of prudential norms without much consideration to the peculiar nature of the clientele of these banks.
- Dual control of StCBs by the State governments and the RBI/ NABARD.
- Inadequate support from RBI/NABARD in meeting the fund-needs of these banks.
- Corruption, nepotism, favoritism etc.
- Undue intervention by political bigwigs.

Sluggish condition prevailing in the agricultural sector.

**STATEMENT OF THE PROBLEM**

The NPAs of the Indian banking system have assumed large proportions and are a continuing deterrent to the smooth flow of credit to the productive sectors of industry and agriculture. The high level Committee on financial system (with Sh.M. Narasimham chairman) constituted by RBI (1991) to make recommendations on financial sector reforms also observed that serious problems are plaguing the financial sectors which is reflected in decline in productivity and efficiency and erosion of profitability due to deterioration in the quality of loan portfolio restricting income generation and enhancement of capital funds, accompanied by inadequate loan loss provisions. Concept of NPAs in its present forms came into existence with the recommendations of Narasimham Committee implemented by RBI in 1996. Level of NPAs as per these guidelines were first reflected in the banks balance sheets of 1996-97.

**RELEVANCE OF THE STUDY**

In India, predominantly agricultural in nature, depends greatly on agricultural finance. short-term credit forms a major portion of the agricultural credit disbursed by StCBs. The impact of more lending to agricultural sector might have contributed to a major portion of the NPAs in the banks. Since 31 StCBs play a predominant role in agricultural finance through 370 DCCBs, it has been considered highly relevant for the study. Any fruitful suggestion emanating from the study may bring great relief to the economy as a whole.

**OBJECTIVES**

This research has been undertaken with the following two objectives:

1. To study the concept of Non-Performing Assets and prudential norms related to management of NPAs.
2. To assess the position and growth of Non-Performing Assets in StCBs in India.

**METHODOLOGY**

The data collected from secondary sources for the eight years from 2001- 2008. The data published by Reserve Bank of India (RBI) and National Bank for Agricultural and Rural Development (NABARD) is suitably compiled and analysed for the purpose of study. The statistical results are obtained by using SPSS Version 10.

Compound growth rates were estimated for the classification of assets in StCBs. An exponential function of the following type was employed to estimate the Growth rates.

$$Y_t = abt$$

Where,

$Y_t$  = Classification of assets

$a$  = Intercept

$b$  = Parameter

$t$  = Years

Compound Growth Rate = (Anti log of  $b-1$ )  $\times$  100

**LIMITATION OF THE STUDY**

The present study covers a period of eight years for secondary data from 2000-01 to 2007 -08 for study purpose. Data were available up to 2007- 08 during the field work and accordingly data up to 2007-08 were alone used for analysis. This may not be fully relevant to the later period.

**RESULT AND DISCUSSION**

**TABLE – 1: TRENDS IN NPAs OF StCBs DURING MARCH 2001-2008** (Rs in crore in per cent)

S.No	Asset Type	2001	2002	2003	2004	2005	2006	2007	2008	CGR
1	Standard Assets	25959 (86.97)	27626 (86.03)	26514 (80.84)	28557 (81.35)	31274 (83.74)	32949 (83.03)	40650 (85.84)	42060 (87.21)	10.26
2	Sub-standard Assets	2178 (7.30)	2403 (7.48)	3535 (10.78)	3288 (9.37)	2961 (7.93)	2763 (6.96)	2957 (6.24)	2779 (5.76)	3.10
3	Doubtful Assets	1520 (5.09)	1821 (5.67)	2443 (7.45)	3010 (8.57)	1975 (5.29)	2292 (5.78)	2625 (5.54)	2652 (5.50)	7.20
4	Loss Assets	191 (0.64)	261 (0.81)	306 (0.93)	250 (0.71)	1136 (3.04)	1680 (4.23)	1122 (2.37)	737 (1.53)	18.40
5	Total Gross NPAs (Total of 2 to 4)	3889 (13.03)	4485 (13.96)	6284 (19.16)	6548 (18.65)	6072 (16.26)	6735 (16.97)	6704 (14.15)	6168 (12.79)	5.90
6	Total Gross Advances (1 to 4)	29848 (100)	32111 (100)	32798 (100)	35105 (100)	37346 (100)	39684 (100)	47354 (100)	48228 (100)	6.20
7	Total Provision for NPAs	N.A	N.A	3178	3670	2982	3558	3200	2998*	-1.49
8	Total Net NPAs (5-7)	-	-	3106 (10.49)	2878 (9.16)	3090 (8.99)	3177 (8.79)	3504 (7.94)	3171 (7.01)	2.08
9	Total Net Advances (6-7)	-	-	29620	31435	34364	36126	44154	45230	9.53
10	Gross NPA coverage Ratio (7/5) (%)	-	-	50.57	56.05	49.11	52.83	47.73	48.61	-

\* Provision, N.A-Not Available

(-) Figures in Bracts at Sr. No.1 to 5 are percentage to respective year's Gross Advances (Sr.No.6) and at Net NPAs (Sr.No.8) to Net Advances (Sr.No.9).

Basic Source : (i) Report on Trends and progress of Banking in India. 2000-01 to 2007-08. (ii) NABARD

Note : CGR-Compound Growth Rate.

Table 1 shows the trends in NPAs during the study period for all the 31 StCBs in India. Gross NPAs of StCBs (Table-1) stood at Rs. 6168 crores, as on March end 2008 consisting of Rs. 2779 crores in sub-standard category, Rs.2652 crores in doubtful and the remaining Rs.737 crores in loss category where the solvage value in negligible. In percentage terms, Gross NPAs amounted to 12.79 per cent of gross advances consisting of 5.76 per cent in sub-standard, 5.50 per cent and 1.53 per cent in doubtful and loss categories respectively. Though in absolute terms the gross NPAs went up from Rs. 3889 crores, as on March end 2001, to Rs. 6168 crores in 2008 growing @5.90 per cent per annum, there was decline in percentage terms from 13.03 per cent to 12.79 per cent during said eight years period due to obvious increase of the denominator at a rate faster than the numerator. As the provision against NPAs come down from Rs. 3178 crores to Rs.2998 crores during 2003 to 2008 growing @ -1.49 per cent per annum the net NPAs went up from Rs. 3106 crores in 2003 to Rs.3171 crores in 2008 growing @ 2.08 per cent per annum. The coverage ratio of provision to gross NPAs was 50.57 per cent in 2003 and come down to 48.61 per cent in 2008.

**FINDINGS**

1. NPAs include sub-standard assets, doubtful assets and loss assets. The growth rates of sub-standard assets, doubtful assets and loss assets were positive in all the StCBs in India with 3.10 per cent, 7.20 per cent, and 18.40 per cent per annum respectively. The positive growth rates of these assets would have led to falling profitability liquidity and solvency position of these banks.
2. The growth rates of Gross NPAs and Net NPAs in all the StCBs in India were 5.90 per cent and 2.08 per cent per annum respectively. The problems of gross and net NPAs were relatively high during the study period increase in provision for NPAs will lead to decrease in net NPAs and vice versa. NPA is not just problem for banks, they are bad for the economy.
3. Positive growth rates of standard assets were found in all the StCBs with 10.26 per cent per annum. The task of containment of NPAs by arresting slippage of accounts from performing assets to non-performing assets.
4. The negative growth rates in provision for NPAs in all the StCBs with -1.49 per cent per annum. The StCBs are requested to necessary additional provision has to be made for the various categories of assets such as standard sub-standard, doubtful and loss assets.

**SUGGESTIONS**

1. An association of borrowers at branch level should be organised to inculcate the accountability of borrowers to repay the loans promptly.
2. There should be a proper Co-ordination between the StCBs and the DCCBs to solve problems associated with the NPAs.
3. Organize more recovery camps, compromise settlements schemes and 'Lok Adalats'.
4. There should be Memorandum of Understanding (MOU) between government agencies like 'THADCO' and trade association for both pre-loan appraisal and recovery of NPAs.
5. Bank should be very cautious in identifying genuine borrowers and ask them to provide complete information to be stored in a data base and monitor the loan accounts closely to prevent slippage of loan accounts into NPA category.

6. Each StCBs should set up a separate recovery branch to take over its bad and doubtful debts at a discount so that the responsibility of managing NPAs can be reduced.
7. The banks should maintain a proper information system using the Information Technology.
8. The StCBs in India should have to educate their employees on NPAs and their effect on the banks performance through periodic awareness programmes.
9. The StCBs in India should introduce incentive/reward system to staff engaged in collection process.
10. The banks should update the address of borrowers, so that the recovery process can be followed up. Banks should have personal contact with the borrowers through periodic meets under the KYC (Know Your Customers) norms.

## CONCLUSION

The NPAs of StCBs in India are considered relatively high by international standards. NPAs are a severe drain on the profitability of the banks. On the one hand, no income on such accounts can be recognized and on the other hand, certain amount of provision has to be made from the profit, depending on the asset classification and availability of security. This has double - impact on profitability – No interest on such dead asset and Need to maintain Capital Adequacy Ratio (CAR). Profit of majority of StCBs were affected by the sudden introduction of the concept of NPAs and Income Recognition norms. NPAs is an important parameter in the analysis of financial performance of banks. So, "Successful management per-supposes that the right type, right time and right amount of credit is given to the right type of client". Reduction of NPAs is necessary to improve the profitability of banks. To solve the problem of existing NPAs qualitative appraisal, supervision and follow up should be taken up for the present advances to avoid future NPAs.

## SCOPE FOR FUTURE RESEARCH

1. Influence of Socio-Economic factors of Borrowers in NPAs: A case study.
2. Provisioning for NPAs in Co-operative Banks: A case study.
3. A study of credit Risk Management in StCBs.
4. A study of NPAs in Sector-wise and Term - wise classification of StCBs.
5. Asset-Liability Management in Co-operative Bank- A study.

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**GOVERNANCE OF MANAGEMENT EDUCATION IN INDIA: A MYTH OR REALITY?**

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**ABSTRACT**

*The present paper focuses on certain bottlenecks or governance issues in Management Education in India. The paper reciprocally uses the term corporate for management education. Since the terms corporate and management education can be used interchangeably. The amount and magnitude of these bottlenecks fetters the growth of corporate education in India. Apart from these bottlenecks the concept of Professionalism is still not adopted completely in management education. There is a dilution and exploitation of knowledge energies of youth. There are mismatches between the practice and learning. The paper considered certain bottlenecks as key parameters like equivalency of degrees, course curriculum, monitoring by apex bodies, examination system, teaching pedagogy, research and development, innovation and creativity, basic qualification, mushroom growth of institutes or universities and entry into management education etc. The research study made its efforts to depict these bottlenecks in Management Education in India. The paper further tried to assimilate the needs of corporate bodies from management education. The paper finally ends with certain suggestions for more reforms, governance and projecting the scope for more and better research in the field.*

**KEYWORDS**

Bottlenecks, Globalization, Knowledge energies, Learning and Professionalism.

**INTRODUCTION**

India is known for corporate or management education since ancient times. There were universities like Nalanda, Takshila and Maghad etc., existed during ancient times aimed at imparting education. There was a system of learning by joining these universities. There were renowned professors at that time in imparting the right education. Kautilya a professor, who lived around 300BC, is a maestro of varied disciplines. Students around the world were eager to learn under his guidance. The concepts and principles enunciated by Kautilya are still matching the corporate standards. Kautilya's Economics and Raja Neeti made it clear that "Vidya (education or knowledge)" is permanent than properties. It is the vital factor for earning or livelihood. The corporate ethics, corporate governance and the duties of State (King) are long back given by Kautilya through his treatise.

The present study is not aimed at discussing the history but it has taken its roots to present day context. Most of the today's corporate problems have its roots towards the management education. There is a need for today's management or corporate education, to rejuvenate these old concepts and principles that are ignored both by the corporate and institutes/universities over a period of time.

Can the reduction in corporate values, ethics and responsibilities be endowed to corporate education? Or Vice versa is a typical question to answer. Governance of management education system is a sine qua non for achieving the corporate standards through real learning. There is an urgency to monitor the system.

The Indian Management Education has lot of bottlenecks. Some of the bottlenecks are extreme autonomy, governance and control. These bottlenecks are categorized in this paper under various heads. The Management Education is not tuning to the demands of the corporate and streamlining the management education system as per corporate standards is inevitable. The corporate are becoming globalized, whereas the knowledge counter part of management education has still certain initial setbacks, which needs immediate attention by the concerned parties.

The present paper aimed at this objective and made it attempts to streamline the management education.

**REVIEW OF LITERATURE**

Much of the literature on Management Education in India is available in the form of reports and Acts. Yet there is a vast research in this filed made it available through articles, blogs and e-publications. The topic is always afresh and looks for new thoughts and approaches. The present paper found help of the following literature:

JC Agarwal (2004) has given a detailed description of development of Indian educational system for pre and post independence in India.

Yashpal Committee (2009) has recommended that universities to be made responsible regarding the academic content of professional courses. Further it recommended that Professional bodies like the AICTE, NCTE, MCI, BCI, COA, INC, PCI etc. to be divested of their academic functions, which would be restored to the universities. The existing regulatory bodies including the UGC, AICTE, NCTE etc needs to be replaced by creating a central statutory body like Commission for Higher Education. Further it opined that the students in Indian Higher Education system have never been treated as the most important stake holders. There has never been a serious effort on the "Learning Outcomes" for the student.

Patil and Pudlowski opined that today under the reforming economic conditions, integration of the Indian economy with world economy presupposes efficiency and competitiveness in the domestic front as well as in the international arena.

LM Prasad (2004) discussed that "Management is regarded as profession by many, although it does not possess all the features of a profession.

Bloomberg Business Week (2010) opined that "India has the opportunity and motivation to leverage the lessons learned by the Western world's business schools, and create a management education system that will spur economic growth—and become the ultimate state-of-the-art laboratory for global business education innovation. Dharani Sinha P(2004) discussed that Management Education in India has certain Issues and Challenges.

GS Singh opined that India's systematic disinvestment in higher education in recent years has yielded an academic system characterized by mediocrity, producing neither world-class research nor very many highly trained scholars, to sustain high-tech development.

The regulatory reforms on WTO and GATT prescribed that once the education comes under GATT(General Agreement on Tariff and Trade) it will need to follow laws applicable internationally under GATT agreement. Vijay R. Kannan (2008) has discussed various challenges and opportunities for business schools in India in his paper.

V Ravi Anshuman, S.Chandrasekhar (2004) examined how the core curriculum at the Indian Institutes of Management (Ahmedabad, Bangalore, and Calcutta) compares with the business curricula of the world's best business schools.

**METHODOLOGY**

The present study is based on various secondary sources like books, magazines, articles and other web sources. Certain Sources like brochures/ prospectus of the concerned university or institute is also used for the purpose of better research results. The data collected through these sources is modified and tabulated as and when required for the purpose of analysis and study. The author also used primary source like observation method in certain fields, where it is found difficult to obtain the data.

**SCENARIO OF MANAGEMENT EDUCATION**

The Management Education is imparted in India majorly through the following means (See Table1).

On the basis of formal 10+2+ method

TABLE 1: METHODS OF MANAGEMENT EDUCATION

S.No.	Method of Study
1.	Regular
2.	Part-Time
3.	Distance
4.	Others

Source: Author

The regular method is generally intended for a two year post graduate or a 4 year's bachelor's course with a PG degree. Recently, AICTE has taken a decision to abandon Part-Time course in Management Education is creating a lot of debate in corporate world both for and against it. The management education in India is primarily has certain bottlenecks. Some of those bottlenecks are as follows:

**AUTONOMY**

In India the university educational system is more of autonomous oriented. There is autonomy with marginal answerability. There is a cloth between the apex bodies and autonomous institutes/universities. The autonomy at times has far reaching Implications. Some of the implications of the autonomy are observed in this study are as follows:

**1. EQUIVALENCY**

In India the management education at higher level contains multiplicity of degrees or diplomas. Some of the programmers/courses are follows (See Table2):

TABLE 2: MANAGEMENT DEGREE AND THEIR EQUIVALENCY

S.No.	Name of the degree/diploma	Offered by Noted Institutions/Universities	Equivalent to other Management degree/diploma?
1.	2 year Post Graduate diploma in Management	IIMS, Business Schools and other institutes/universities	MBA (Master of Business Education)
2.	Master of Financial Management	Pondicherry University	MBA Finance
3.	Master of Foreign Trade	Gitam University	MBA Foreign Trade/IB
4.	Master of Bank Management	Alagappa University	MBA Banking
5.	Master of Insurance Management/MBA (Insurance)	Insurance Institue of India, Pondicherry University	MBA Insurance
6.	Master of Corporate Secretaryship/ MA(Corporate Secretaryship)	Madras University/Alagappa University	MBA Corporate Secretaryship
7.	Company Secretaryship Course	ICSI	Equivalent of Post Graduate course of MBA/M.Com of many universities
8.	Chartered Accountancy Course	ICAI	-do-
9.	Cost Accountancy	ICWAI	-do-
10.	Master of Business Laws	NALSAR	Equivalent to LL.M/MBA
11.	MBA (Port and Shipping)	Indian Maritime University, University of Petroleum and Energy Studies(UPES)	Equivalent to MBA
12.	MSW (Master of Social Work)	Sardar Patel university	Equivalent to MBA HR
13.	MHRM (Master of Human Resource Management)/MHRD	Andhra University	Equivalent to MBA HRM

Source: Survey from concerned universities/institutes brochures/websites

Apart from these course there are a wide Varity of courses meeting to the requirements of corporate like MBA Oil and Gas Management, MBA(Port and Shipping Management), MBA (Energy Trading), MBA (Logistics and Supply Chain Management), MBA(Power Management), MBA(Aviation), MBA (Hospital Management), MBA(Hotel Management), MBA(Bio-Technology), Integrated BBA and Integrated B.Tech with MBA etc.

Over and above there are large number diploma programmes, which are offered by a vast of number of universities/institutes catering to the needs of industry. Courses like one year Post Graduate diplomas in Corporate Governance, Labour Laws, Industrial Relations, Personnel Management, Secretarial Practice etc. by various universities/institutes is noteworthy at this juncture. But the major problem lies in the above mentioned categories is equivalency to MBA/MBM or relevant degree in that domain. The youth has lacking the knowledge in weighing the outcomes of these courses and paving the way to dilute their knowledge energies. They place their knowledge and expertise in pursuing these courses and the result is a degree/diploma which has no identity in the industry and leading to posing questions to our educational system and governance by the apex bodies. No doubt the UGC/AICTE the monitoring bodies announces from time to time the guide lines and list of recognized institutes/universities but the question here is whether these degrees or diplomas are automatically equivalent to the general management theme or not is to be clarified before recognizing any course or university or institute. Getting equivalency footing is a herculean task. Stringent procedures are prescribed by Universities/Institutes/ UGC/AICTE/ Distance Education Council etc.

Further no university or institute acts suo moto (on its own) to equalize the degrees unless there is a special requirement to do so. The concept of LPG (Liberalization, Privatization, and Globalization) is equally applicable to Management Education accordingly the apex bodies should take a forward step in equalizing the degrees. There is an urgency on the part of the respective university or institute offering a specialized course under management domain should go for equivalency footing and making it clear to the prospective candidates about the outcome at the time of the admission itself.

The so called trend of offering different courses is no doubt a welcoming one, but at the same time the apex bodies have to cross check whether these are similar to binami (in other names) transactions in the field of education at the cost of knowledge energies of the youth, is to be clarified before sanctioning approval to new courses or programmes.

There is a practice of offering core courses in the first year and specialized in the final year with a title of MBA degree earmarking with a specialization meeting to the unique demands of the industry. Unfortunately, the trend of offering more specializations is still in infancy in India due to a vide verity of factors.

**2. QUALIFICATION FOR UNDERTAKING TEACHING PROFESSION IN MANAGEMENT EDUCATION**

The University Grants Commission (UGC)/Higher Education Commission (HEC) and All India Council for Technical Education (AICTE) from time to time prescribe the qualifications for undertaking teaching profession by the prospective candidates. Here, the two bodies specified their boundaries as such that AICTE has to look after technical education and UGC for general education. Whether there is strong dividing line on this front? There are instances one ignores the other or bypassing of general rules and regulations. For example there are institutes or universities, which have only UGC permission. The AICTE prescribed minimum first class for entry into teaching profession whereas UGC prescribed NET/SLET the minimum criterion. Which one prevails for selection? At the same time there are lot of exceptions for deserving candidates. Even any of these two criterions are even not followed in a majority of the cases in the selection of the candidates. There are lots of arguments for and against both these versions. Ultimately it is a question mark for qualification is concerned.

Minimum Qualifications apart from research and publications as prescribed by Universities Grants Commission (See Table 3):

**TABLE 3: MINIMUM EDUCATIONAL QUALIFICATIONS FOR PROFESSORSHIP**

S.No.	Position	Minimum Educational Qualification
1.	Asst. Professor	PG with 55% and NET/SLET/SET or PhD with minimum 3 years of teaching
2.	Associate Professor	PhD with minimum 5 years of teaching
3.	Professor	PhD with minimum 10 years of teaching

Source: University Grants Commission Website

**3. EXAMINATION SYSTEM**

The universities shall adopt the guidelines issued by the Universities Grants Commission from time to time with regard to the conduct of examinations. As per UGC Act, 1956 there shall be a continuous session evaluation in addition to semester/year-end examinations.

Over and above there are different patterns adopted suiting to the requirements of the specific institute/university. Predominantly, the following patterns are followed (See Table 4):

**TABLE 4: VARIOUS PATTERNS OF EXAMINATION**

S.No.	Pattern
1.	Semester System
2.	Trimester
3.	Annual
4.	Others

Source: Author

The method of administering tests is ranging from descriptive, objective, case study, research and on-line tests etc. The above patterns have their own merits and demerits. However, one thing is clear that still these are aiming at checking the memory of the student.

**4. PASSING CRITERION**

Passing criterion is another problem. The criterion differs from University to University and institution to institution (See Table5):

**TABLE 5: VARIOUS PASSING CRITERIONS**

S.No.	Pattern
1.	Class System
2.	Grading system
3.	Other methods

Source: Author

With respect to passing criterion there are universities/institutes, which prescribe either class or grade. With respect to class criterion, making it compulsory to secure 50% on an average and the student will be given a second class. For eg. MG University, Kottayam and Alagappa University, Karikudi etc. The minimum class criterion in such an event is "second division". There are universities following even with "third division" for eg. Andhra University subject to a minimum securing marks of 40%. With respect to grading most of the universities adopts normal distribution system for eg. University of Petroleum and Energy Studies. Professional bodies like ICSI, ICWAI and ICAI follow the minimum 50% on aggregate in single attempt at a time for clearance of all papers.

The point to notice here is that, is there any possibility to rationalize these criterions as per the demands of the industry?

**5. TEACHING METHODOLOGIES**

The methods of teaching adopted also one of the problematic elements in management education. Some of the existing methodologies (See Table 6) are as follows:

**TABLE 6: VARIOUS PEDAGOGICAL TOOLS**

S.No.	Pedagogy
1.	Lecture Method
2.	Group Discussion
3.	Case Study Method
4.	Research Oriented
5.	Others

Source: Author

Each and every university/institute has its own methodology and curriculum suiting to the requirements of the course. Again a point to notice here is that out of these pedagogical tools which one is quite effective method for better learning? The answer varies based on a large number of factors.

**GROWTH OF UNIVERSITIES/INSTITUTES**

In India the higher education whether of management or general to the maximum extent is subject to the State control. The higher education is offered apart from general affiliated colleges by State/Central/Deemed/Autonomous bodies/Institutes etc. The universities/institutes rose from 177 during 1990-91 to 458 in 2010-11. There is a phenomenal growth in the number of universities/institutes. The following table summarizes state wide distribution of universities/institutes in India (See Table7).

TABLE 7: LIST OF UNIVERSITIES/INSTITUTES IN INDIA

S.No.	State	No. of Universities/Institutes
1.	Andhra Pradesh	29
2.	Arunachal Pradesh	02
3.	Assam	11
4.	Bihar	17
5.	Chandigarh	02
6.	Chattisgarh	11
7.	Delhi	15
8.	Gujarat	24
9.	Himachal Pradesh	16
10.	Harayana	12
11.	Jammu and Kashmir	09
12.	Jharkhand	09
13.	Karnataka	30
14.	Kerala	16
15.	Madhya Pradesh	31
16.	Maharashtra	15
17.	Meghalaya	03
18.	Mizoram	02
19.	Nagaland	01
20.	Orissa	22
21.	Pondicherry	03
22.	Punjab	14
23.	Rajasthan	30
24.	Sikkim	04
25.	Tamilnadu	45
26.	Uttarpradesh	41
27.	Uttarakhand	16
28.	West Bengal	28
	Total	458

Source: www.infintecourses.com

The growth of institutes/universities is a good sign for higher education in India. But is the growth really meeting the corporate standards? What the industry demands from these institutes/universities? Whether these universities/institutes are streamlining their curriculum and methodologies as per the corporate standards? Whether the youth really interested in achieving the corporate standards on their own? What they looks for real learning or mere degrees (good package!!!)? There will be a lot of questions, which puzzles the system.

Apart from these questions, there are Universities or Institutes without revising their syllabuses, course plans and re-designing of courses etc. A large number of Universities are still offering old age and outdated courses without any value addition to the prime stake holders. The courses like MA(Political Science), MA (Public Administration), MA (Economics) have good potential to club with either Management and/or Law. Unfortunately, there were no steps in streamlining most of arts courses as per the demands of the industry. The courses like MA (History) and MA (Archeology) can be better clubbed with MBA (Tourism Management). With the growing economies and businesses, these courses have to re-design and new courses have to be formulated with a domain specialization, otherwise much of the courses, which have flourished earlier, will lose their merit with the passage of time.

### PROFESSIONALISM OF MANAGEMENT EDUCATION IN INDIA

The management education in order to meet the corporate standards, there is an urgency to professionalize the management education. Though management has all the qualities what a profession has, but it is not really considered as a profession.

A real profession has certain standards, which must be followed without any exception. But in the present day context of globalization, whether this can be a myth or reality? The management education has to follow the methodologies that are prescribed by professional bodies like ICSI (Institute of Company Secretaries of India), ICWAI (Institute of Cost and Works Accountants of India), ICAI (Institute of Chartered Accountants of India), MCI(Medical Council of India), and BC(Bar Council of India) etc. There is a uniformity of syllabus, ethical code, passing criterion, phases with respect to level of learning etc. The courses offered by ICSI, ICWAI and ICAI are in the form of distance mode, yet they are successful in supplying the right candidates meeting to the requirements of the industry. Management education is available in all forms, but why education is unable to supply the right cream in majority?

There are corporate which have established on their own meeting to their unique requirements of businesses. This is a new trend and tapping of opportunities of growth in education by these business schools. The list is not exhaustive there more number of corporate bodies, which are opening their own schools throughout the world and posing a question to the existing universities or business schools to compete with them. The trend is explained below with the help of the some of the prominent business schools in India (See Table 8).

TABLE 8: CORPORATE BODIES OPERATING BUSINESS SCHOOLS

S.No.	Corporate Group	Business School
1.	NIRMA	NIRMA University
2.	Bajaj	Jamnalal Baja Institute of Management Studies(JBIMS)
3.	JK	JK Business School
4.	BK BIRLA Group	Birla Institute of Management and Technology
5.	Kirloskar	Kirloskar Institute of Advanced Management Studies

Source: Author

Apart from these business schools the leading business giants like Reliance and Tata are planning to enter in the field of management education in the form universities/institutes in India.

The UGC/AICTE/DEC etc. have to streamline the management education on the modalities of the professional bodies to sustain and compete with autonomous business schools. In the present day globalization scenario this is not a complex aspect.

### IMPACT OF GLOBALIZATION ON CORPORATE STANDARDS

Establishment of standards both from academia and corporate ensures knowledge based learning community. However, the intense competition and growing internationalization of business leading to globalization of corporate bodies made the corporate education to revise its standards in terms of its quality and

compatibility as per corporate standards. The changing scenario necessitated the corporate education to change its curriculum, methodologies, examination system, admission criterion, pattern of the qualification, research and funding of the programmes. Apart from these necessary changes, corporate are demanding from the present educational system certain basic questions to answer. One of such basic question is as follows:

What exactly the corporate demands from management education?

There are lots of answers to this question. Some of the prominent answers are as follows:

- a. Domain Specific Knowledge
- b. Industry Knowledge
- c. Practicality in approach
- d. Conceptual thinking
- e. Good Human Relations Skills
- f. Ability to work in team environment
- g. Coping with Stress
- h. Communication skills
- i. Leadership skills

Over and above there must be an "Organizational Citizenship Behaviour". Though most of the curriculums in management education contain these mechanisms, yet there is a failure on the part of the prospective student managers. The amount of learning on these parameters is very marginal.

### GAINING THROUGH LEARNING: MANAGEMENT EDUCATION

Learning is a relatively permanent change in behaviour occurring as a result of experience. In fact, it can be through training, class room teaching, apprenticeship programs, cross-culture training, e-training etc. The institutes/universities offering management education has to consider the learning levels of the prospective candidates. The learning levels can be considered on the following parameters:

- a. Duration of the programme
- b. Type of the programme (Full Time/Part Time/Distance/In house)
- c. Weight age to General Management Education
- d. Involvement in Training and Research

In order to judge or decide whether the required field is matching with the industry or not? It is worth enough to conduct a needs analysis from time to time. The needs analysis can be exhibited in the following way.

Needs of Management Education = Amount of learning- Corporate Standards

The management education being (+Ve) reinforce element has to thrive that the amount of learning gained through management education is greater enough than the corporate standards for sustenance of its stakeholders (students) in reality. It should not satisfy with Break Even Point situation (BEP).

### SUGGESTIONS

There are lots of suggestions/recommendations with respect to reforms in management education in India. A culmination of these suggestions is given as under:

1. There is an urgency to increase the number of specializations/electives are concerned. The first year must be allocated to core papers and final years to electives will resolve the issue of equivalency to the maximum extent, further the students are in a position to capture the right specialization suiting to their requirements.
2. There must be a strong apex body to monitor the whole management education. The degrees awarded must be recognized by all concerned parties.
3. The examination system should match the industry demands and as such be flexible enough for necessary modifications.
4. There must be a uniform status for all institutes/universities in the eyes of law. This will facilitate for the adoption global university concept.
5. The qualifications must be fair enough for teaching profession is concerned. There must be a weight age for NET/SLET/SET qualified candidates. The very purpose of these test are eligibility for lectureship should not be vitiated.
6. There must be a mechanism between corporate and apex bodies for streamlining from time to time the standards.

### CONCLUSION

In India pre and post independence era there were lot of committees and commissions on higher education recommended from time to time lot of reforms and measures for good governance. Some of the measures or suggestions or recommendations are already implemented. But still a lot has to be done especially in the field of management education. Because the growing corporate world forcing the need for stern measures in management education. The elimination of these bottlenecks is not an easier affair and at the same time it is not a complex activity under this LPG (Liberalization, Privatization and Globalization) era. The scenario of Corporate Governance is not limited to corporate bodies alone and it equally applicable to Corporate Education as well. If it is implemented properly a huge amount of stakeholders in the field of management education will also be benefited. There is a huge scope for further research in this filed to undertake better governance. Therefore, it can aptly be concluded that "Governance of Management Education in India is a myth or reality?"

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**MODERN DAY WOMEN ENTREPRENEURS OF TAMILNADU – A CASE STUDY**

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**ABSTRACT**

The concept of women entrepreneur is defined as the women or group of women who initiate, organize and run a business enterprise. The educated women do not want to limit their lives within the four walls of the house. Despite all the social hurdles, many women have become successful in their career. These successful women have made name and wealth for themselves with their hard work, diligence, competence and will power. This case study highlights such women entrepreneurs particularly in Tamilnadu who have created a niche for themselves in the competitive business world and have won many laurels. This case analyses and presents the business career and achievements of Ms.Latha Pandiarajan, Ma Foi; Ms. Shanthi Duraiswamy, Shakthi Masala; Ms. Radhika Sarathkumar, Radan Media works Ltd; Ms.Chinmayi of Blue Elephants; Ms.Soundarya Rajesh of Avtar career creators. These modern day women entrepreneurs have played a supportive role to their husband in starting a business firm and have thereby achieved great laurels like Ms.Latha Pandiarajan and Ms.Shanthi Duraiswamy or have invested their income from their high profile career in film industry to become entrepreneurs like Ms. Radhika Sarathkumar and Ms.Chinmayi or have started a new service firm targeting women employees like Ms.Soundarya Rajesh.

**KEYWORDS**

Women entrepreneur, Ms.Chinmayi, Ms.Latha Pandiarajan, Ms. Radhika Sarathkumar, Ms.Shanthi Duraiswamy, Ms.Soundarya Rajesh.

**INTRODUCTION**

**I**n life, you get what you negotiate. Any woman has the capacity to do what I did – it doesn't matter what you want, what matters is how badly you want it" – Shahnaz Husain, Founder – Shahnaz Herbal products.

In the global scenario and in India women have been performing exceedingly well in different spheres of activities like academics, politics, administration, social work and so on. Now they have started plunging into industry also and running their businesses successfully. The concept of women entrepreneur is defined as the women or group of women who initiate, organize and run a business enterprise. The government of India has defined women entrepreneurs based on women participation in equity and employment of a business enterprise.

As an entrepreneur, women entrepreneur has also to perform all the functions involved in establishing an enterprise which can be broadly classified as risk-bearing, organization and innovations. Though women constitute around half of the population in India, our society is still male-dominated in terms of literacy level and work-participation. In our country only 5.2 % (C.B.Gupta and S.S.Khanka, 2009) of the women are self-employed.

In India, women entry into business is a new phenomenon. With growing awareness about business and spread of education among women over a period of time, women have entered into various sectors of business like engineering, electronics and energy. Women entrepreneurs in India accounted for 9.01% of the total 1.70 million entrepreneurs in 1988-89.

The government of India has been assigning importance to the development of women entrepreneurs in the country in recent years. In the Industrial policy 1991, the government of India further stressed the need for conducting special entrepreneurship development programs for women with a view to encourage women to enter industry.

There are several institutional arrangements both at the centre and state levels like nationalized banks, state financial corporations, state industrial corporations, district industry centers and voluntary agencies like FCCI's Ladies Organization (FLO), National Alliance of Young Entrepreneurs (NAYE) which have been engaged in protecting and developing women entrepreneurs in the country.

**BACKGROUND TO THE STUDY**

This paper highlights the cases of such women entrepreneurs who have struggled and have established a mark for themselves in this male-dominated industry particularly in the state of Tamil Nadu. As the area of study is emergent, research into women entrepreneurs is necessarily exploratory in nature. The data collected were secondary in nature and the sources of data were internet, magazines and newspaper articles.

**WOMEN ENTREPRENEURS OF TAMIL NADU - A CASE STUDY**

**CASE 1: SMT. SANTI DURAISAMY, DIRECTOR, SHAKTHI MASALA PRIVATE LIMITED**



"SAKTHI MASALA" the household name among the million today, had a humble beginning 35 years ago. Mr.P.C.DUR AISAMY, the Founder of the Company attributes the success of the firm to Dr.Santhi Duraisamy who stood behind him for all his achievements. She handles the role of an understanding life partner and business partner with elegance. The Company employs mostly women and differently abled persons from the rural areas and makes them to lead an honorary life. ([www.sakthimasala.com](http://www.sakthimasala.com)).

TABLE 1: SNAP SHOT OF SAKTHI MASALA

Year of inception	1975 (36 years) at Erode, Tamil Nadu
Initial investment	Rs 10,000
Annual Turnover in 2005-06	Rs 940 million
Annual Turnover in 2010	Rs 300 crore
Annual growth rate	15-20%
Tax paid to government	Rs. 25 crores
Current employee strength	8000 employees and 150 differently abled employees.
Competitors	Aachi, Chinni, MTR, Everest, CBR, Ashirvad
95% of turnover is from domestic market sales and 5% are from export sales.	Future plans: To establish a FOOD COURT in Erode with an investment of 100-200 crore.



TABLE 2: SNAP SHOT OF SMT. SANTHI DURAISAMY

Designation	Director , Sakthi Masala
Educational qualification	6 <sup>th</sup> grade
Father's occupation	Hotelier
Husband's occupation	Turmeric powder business.
Novel idea	Packed masala preparations
Strengths	Positive attitude and perseverance
Awards and recognition	Stree Sakthi Puraskar in 2006. Doctor of Science (Honoris Causa) by the Tamil Nadu Agricultural University, Coimbatore in 2009

She strongly believes in perseverance and also wants to be supportive to others in every possible way. She strongly believes "Success is not the destination but a journey". She also runs the Shakthi Rehabilitation Center in Erode which is exclusively involved in treating and training the disabled children.

**Awards and recognition:** Smt. Santhi Duraisamy, Director of the Company has received Stree Sakthi Puraskar in 2006. She was awarded for her dedicated and selfless work in the field of Women Development and Empowerment in the face of extreme difficulties and challenges. She was lauded, for not only employing the physically-challenged in good number, but also instilling in them a sense of confidence and pride. ([www.disabilityindia.org](http://www.disabilityindia.org)). She was conferred with Doctor of Science (Honoris Causa) by the Tamil Nadu Agricultural University, Coimbatore in 2009.

**CASE 2: MRS. LATHA PANDIA RAJAN, DIRECTOR, MA FOI**



Mrs. Latha Pandia Rajan, is the Co-founder of Ma Foi Management Consultants Limited. She has played a pivotal role in building Ma Foi into an organization which works with passion, integrity, transparency and commitment. ([www.mafoi.com](http://www.mafoi.com)).

TABLE 3: SNAP SHOT OF SMT. LATHA PANDIARAJAN

Designation	Co-founder and Director , Ma Foi Management Consultants Ltd.
Educational qualification	Chartered Accountant
Initial capital	Rs.60,000
Road blocks faced and overcome	Babri Masjid demolition (1992) – affected outsourcing business. Typical of an entrepreneur she took this as a challenge and immediately pledged her jewellery to stabilize the business.
Current turnover	Rs 435 crore
Employees	Its own staff strength was 1,800 core employees — half of them women — and 28,000 others on their rolls deputed to other client systems

They both started Ma Foi (French – ‘my word’) a management consultancy with a capital of Rs 60,000. During its inception they faced the greatest obstacle to their business due to the Babri Masjid demolition which brought a ban on Indian workers in the Gulf and hence the outsourcing business got affected badly at that time. (“Unusual entrepreneurs – Trial blazers”, India Today, November 7, 2008).

Ma Foi has today emerged as a one-stop HR services firm, with operations in 44 Indian cities and nine countries like the US, the UK, Malaysia, Singapore, Thailand, Hong Kong and West Asia.

CASE 3: SMT. SAUNDARYA RAJESH, FOUNDER - PRESIDENT OF AVTAR CAREER CREATORS



Ms.Saundarya Rajesh, Founder - President of AVTAR Career Creators, has completed her Masters in Management from the Central University, Pondicherry and is a gold medallist in English Literature from the University of Madras. Saundarya has over 20 years of work experience, which began with her tenure at Citibank in 1990. She has subsequently worked full-time and flexi-time in assignments in management education, consulting and counseling, each adding a different dimension to her personality. Saundarya moved into talent strategy consulting, by founding AVTAR Career Creators in 2000 and AVTAR I-WIN (Interim Women manager’s Interface Network) in 2005. AVTAR Career Creators is among the very first consulting firms to be awarded the ISO 9001:2000 for high quality systems and processes in human capital search and selection.

She loves spending time with young children, and is a regular facilitator at many out-reach programs aimed at students and adolescents. She is also the Founder-Trustee of the AVTAR Human Capital Trust - a registered Not-For-Profit which powers many of the activities in women's development undertaken by AVTAR. (www.avtarcc.com)

**Awards and recognition:** Saundarya has been awarded the SCOPE Woman Exemplar (2006) award, the Yuvashakthi Entrepreneur of the Year Award (2007) and the Swadeshi Jagran Manch Women Leader Award (2008). (www.avtarcc.com). She received the first edition of the ‘Chinnikrishnan Innovation Awards 2011’ instituted by CavinKare (“Awards for four budding entrepreneurs”, The Hindu, 2011).

CASE 4: CHINMAYI SRIPADA, CEO, BLUE ELEPHANT TRANSLATION SERVICES



This youngster says, *“It’s a matter of pride that I’ve never lost a client. My company has made a name for itself without any advertising and marketing. It couldn’t have been done if the service of my company wasn’t top quality”*

Chinmayi started Blue Elephant in 2005, a company that provides translation services as many as 75 languages to English, when she was at the age of 21. In Chennai, the company has 15 employees and around 3000 independent linguists. Blue Elephant performs tasks as Language Translation and Interpretation, Simultaneous and Consecutive Interpreters in over 100 languages worldwide, Corporate Language Training and Production and Post Production Film, Television and Radio. She plans to open branches in Bangalore, Hyderabad and in U.S. (www.worldpress.com )

TABLE 4: SNAP SHOT OF MS. CHINMAYI SRIPADA

Role	Founder and CEO, Blue elephant translation services.
Debut as an entrepreneur	College II year at the age of 21 years
Role model	Her mother
Awards	SAARC Chamber Women Entrepreneur Council (SCWEC) Women Entrepreneur Excellence award during November 2010.
	An Entrepreneur, voice-over artiste (the voice of many Tamil heroines) and an RJ

Her spark over entrepreneurship began when she was in high school; one of her cousins asked her to translate a document in German. She was learning German at that time but was able to impress him by her translation. She says that she came up with the idea of starting her own company when she was in second year of her college. Chinmayi is very fluent in English, Telugu, Hindi, German, French and has working knowledge in Spanish. She owns a master degree in psychology from Madras University. A single parent’s child, who has shone in the entertainment industry, hailed her mother in nurturing her to attain success in the entrepreneurship arena.

**Awards for entrepreneurship:** Chinmayi was honored with SAARC Chamber Women Entrepreneur Council (SCWEC) Women Entrepreneur Excellence award during November 2010. Chinmayi won the award for her efforts to expand the scope of her enterprise to localization services, subtitling, transcription and transliteration services and corporate training which reflects her zeal for innovation, expansion and progress of her enterprise. (www.yourstory.in, March 8, 2010)





**RADAAN**  
RADAAN Mediaworks (I) Limited

Mrs. Raadhika is the daughter of the late Tamil actor and comedian, M. R. Radha. Her mother is a Colombo Chetty from Wennapuwa. She is married to actor Sarath Kumar. She started her career in film industry at the age of 15 years. Now at 47 years she has established her self as a successful women entrepreneur. ([www.radaan.tv](http://www.radaan.tv))

After becoming successful in cinema, Radhika wanted to do something different and decided to take on the small screen. In 1994 she set out to produce her own TV software and thus was formed Radaan Media Works. After some initial hiccups, the company re-emerged successfully in 1999, and by 2008, has an annual turnover exceeding Rs 10 crore. She has delivered her success stories at various B-schools in Tamil Nadu.

**TABLE 4: FINANCIAL PERFORMANCE OF RADAAN FOR THE PAST 4 YEARS**

Financial Performance of last four years at a glance

(Rs. in lakhs)

Particulars	2008-09	2007-08	2006-07	2005-06
Turnover	3229.13	3218.90	4536.63	3014.54
Profit Before Interest, Finance Charges and Depreciation and after Unrecoverable Bad Debts	198.26	236.54	470.00	427.98
Interest and Finance Charges	143.43	80.84	85.79	59.18
Profit before Depreciation	54.83	155.70	384.22	368.80
Depreciation	135.29	132.25	130.57	131.31
Profit / (Loss) before Tax	(80.46)	23.44	253.65	237.49
Provision for Income Tax:				
Current Tax	10.00	20.00	34.00	25.00
Deferred Tax	(29.67)	(12.59)	52.39	22.53
Fringe Benefit Tax	3.84	3.24	3.79	4.01
Profit / (Loss) after Tax	(63.83)	12.80	163.47	185.95
<b>Extraordinary items:</b>				
Provision for Unrecoverable and Doubtful Debts	671.00	-	-	-
Net Profit / (Loss)	(734.83)	-	-	-

Source: [www.radaan.tv](http://www.radaan.tv)

## CONCLUSION

"Always do what you are proud of. Do it your way – whatever it may be, and your instincts would be right. Money is a commodity you don't take with you. It is the strong desire to do the best, which should drive me. Everything is transient including success. There is always this confidence that I will make it. I believe one should make human relationships work. I feel we all have a strong sense of duty of our existence. It is important to be good and find nice things about people and relate them" - *Hemu Ramaiah, founder – Landmark Bookstore*

India is brimming with the success stories of women. They stand tall from the rest of the crowd and are applauded for their achievements in their respective field. These women entrepreneurs are assertive, persuasive and willing to take risks. These women entrepreneurs from Tamil Nadu have proved that the lack of formal business education or age or external factors can never pull them down. They managed to survive and succeed in this cut throat competition with their hard work, diligence and perseverance. The basic qualities required for entrepreneurs and the basic characters of Indian women, reveal that, much potential is available among the Indian women on their entrepreneurial ability. This potential is to be recognized, brought out and exposed for utilization in productive and service sectors for the development of the nation.

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## PERFORMANCE OF PRIME MINISTER'S EMPLOYMENT GENERATION PROGRAMME SCHEME IN NAGAPATTINAM DISTRICT

**S. DHINESHSANKAR**

**LECTURER**

**A.V.C. COLLEGE (AUTONOMOUS)**

**MANNAMPANDAL**

**DR. S. MAYILVAGANAN**

**ASST. PROFESSOR**

**DEPARTMENT OF COMMERCE**

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**MANNAMPANDAL**

### ABSTRACT

*The Ministry of Micro, Small and Medium Enterprises has been implementing the Prime Minister's Employment Generation Programme (PMEGP) for generating employment by setting up 'micro enterprises', through Khadi and Village Industries Commission (KVIC) as the nodal agency at the national level and through field offices of KVIC State / Union Territory Khadi and Village Industries Boards and District Industries Centers at the State / Union Territories level, with involvement of banks. The Government of India introduced District Industries Centre during 1978 with a view to promote district-wise Industrial development in the Nation. This paper analyses the performance of DIC, Nagapattinam for the past three years of the PMEGP scheme. The DIC has performed well and exceeded the targets phenomenally in the past three years.*

### KEYWORDS

Margin Money, Loan, Employment Generation.

### INTRODUCTION

The Government of India introduced District Industries Centre during 1978 with a view to promote district-wise Industrial development in the Nation. The activity of DIC was to survey the existing traditional and new industries and also the availability of raw materials and human resources and making arrangements for training facilities in production / management of small units of entrepreneur, training unemployed youth in basic skills to enable them to take up self employment and other jobs in industrial units.

In order to bring about closer ties between the various networks of institutions operating in this field of National Development and the Entrepreneurs, the Government at the center was prompted in the introduction of an innovative scheme. This programme of District Industries centre was launched at the National level on the 1<sup>st</sup> May 1978 to provide a District Level Set-up for the Promotion & development of Small Scale, Village and Cottage Sectors of Industries and to provide all services and support to this Decentralised Sector of Industrie, under SINGLE ROOF as far as practicable at Pre-Investment, Investment and Post Investment Stages. The main thrust of this Programme is on development of such industrial Units in rural areas and small towns of the country and would create large employment opportunities in these areas. It is an implementing arm of the Central and state Government of the various schemes and programmes.

### THE PRIME MINISTER'S EMPLOYMENT GENERATION PROGRAMME (PMEGP)

The Ministry of Micro, Small and Medium Enterprises has been implementing the Prime Minister's Employment Generation Programme (PMEGP) for generating employment by setting up 'micro enterprises', through Khadi and Village Industries Commission (KVIC) as the nodal agency at the national level and through field offices of KVIC State / Union Territory Khadi and Village Industries Boards and District Industries Centers at the State / Union Territories level, with involvement of banks. Under PMEGP, margin money assistance is provided to the interested persons for setting up new micro enterprises in manufacturing or service sector with substantial credit extended by banks depending upon the project cost and location / category of the beneficiary. PMEGP was introduced in 2008-09 by merging the erstwhile Pradhan Mantri Rozgar Yojana and Rural Employment Generation Programme PMEGP is implemented in both rural as well urban areas throughout the country.

#### • COVERAGE

➤ Industry project up to Rs 25 lakhs investment and service/ business project up to Rs 10 lakhs investment are eligible under the scheme project cost will include fixed capital(excluding and cost) plus working capital

#### • EXTENT OF ASSISTANCE

➤ 90% loan for general group and 95% for special group will be available from public sector banks. Regional rural banks, IDBI in urban areas, 15% margin money subsidy for general group and 25% for special group will be available through KVIC. In rural areas, the margin money subsidy will be 25% to 35% respectively. Special group include SC/ST/ OBC/minority/woman/ex-serviceman/physically handicapped.

➤ PMEGP is implemented through KVIC as the nodal agency at the national level. At the State / Union Territory level, the scheme is implemented through field offices of KVIC State/Union Territory khadi and village Industries Boards (KVIBs) and District Industries Centers (DICs) with involvement of banks. KVIC being the nodal agency for implementation of PMEGP assigns targets to its field offices/ KVIBs of State/union Territories and State Governments District – wise target is decided by State Level Bankers coordination committee (SLBCC). KVIC also identifies the Nodal Bank Branches in consultation with State Governments and Places the Margin Money (subsidy) with these branches both for rural and urban areas.

➤ Targets under PMEGP are decided on the basis of the criteria of rural population of the State, backwardness of the State, past performance of the State under REGP/PMEGP scheme, urban unemployment level etc. The decision as to sanction loan to a beneficiary recommended by District Level Task Force (DLTF) is finally taken by the Banks.

➤ The beneficiaries would be identified, inter alia, with the help of Panchayats, Special Awareness Camps and will be provided with a mandatory Entrepreneurship Development Programme (EDP) training of duration of two to three weeks.

### PROCEDURES

#### ▪ INVITING APPLICATIONS

➤ The beneficiaries can submit their applications in the prescribed format at nearest KVIC/KVIB/DIC offices directly to the bank.

➤ The District Task Force Committee will meet once in a month to scrutinize the applications conduct interviews for the prospective beneficiaries and short list the applications forwarding to the banks for sanctioning purpose.

- **Sanction of applications**
  - Applications duly recommended by the District Task Force Committee, the financing branch will take their own credit decision for sanction the project under PMEGP Scheme
- **EDP Training**
  - The State / Divisional Directors of KVIC, KVIB & DICs will arrange the EDP Training to the beneficiaries through KVIC / KVIB / DIC / Ministry of MSME / Accredited Training Centre within a period of one month of the receipt of the intimation
  - On Completion of the EDP Training Two to Three weeks duration
  - A Certificate to the effect is issued in favour of the beneficiary and also forward a copy to the financing branch of the beneficiary
- **Release of Bank Loan**
  - Bank will release loan as per the scheme and copy of the release order should be endorsed to KVIC / KVIB / DIC as the case may be
- **Financial Institutions**
  - 27 Public Sector Banks, All Regional Rural Banks, Co-operative Banks approved by State Level Task Force Committee headed by Principal Secretary / Commissioner (Industries), Small Industries Development Bank of India(SIDBI)
  - Private Sector Scheduled Commercial Banks approved by State Level Task Force Committee headed by Principal Secretary / Commissioner (Industries)
- **Rate of interest and repayment Schedule**
  - Normal rate of interest shall be charged.
  - Repayment Schedule may range between 3 to 7 years after initial moratorium as may be prescribed by the concerned Bank / Financial institution.
- **Exemption from payment of electricity duty**
  - 100% Exemption of electricity duty / tax shall be available to new micro and small manufacturing enterprises only for the initial period of 5 years, 4years and 3 years in Zone -1, Zone-2, Zone-3 respectively.
- Technology Up gradation, Quality Certification and Patent Registration Micro & Small Manufacturing Enterprises
- Water harvesting / Conservation Measures
- Energy Conservation
- Additional Incentives to the Enterprises following Reservation policy of the State
- Refund of cost incurred for preparation Project Reports Micro & Small Manufacturing Enterprises

**TARGET AND ACHIEVEMENTS UNDER PMEGP SCHEME 2008-201 IN TAMILNADU**

RUPEES IN LAKHS

TARGET			ACHIEVEMENTS						
Year	No of projects	Margin money	Employment	No of projects	%	Margin money	%	Employment	%
2008-09	3517	4220.23	35165	1201	34	2377.31	56	19802	56
2009-10	6921	4991.51	69210	2401	34	5029.93	101	39404	57
2010-11	2421	3390.02	24210	2076	85	4031.72	118	18653	77
2011-12	2324	3873.12	26826	2120	91	4382.20	113	22326	83
TOTAL									

Source: Lokh Sabha Report given by Shri Dinsha Patel, Minister of State for MSME in a written reply

**PERFORMANCE ANALYSIS**

Though the Prime Minister’s Employment Generation Programme scheme was launched in August 2008 there was a tremendous response nationwide (2.17lakhs Applications). Most of them could not be processed because of the non constitution of District Task Force Committee in many states. But Tamilnadu could easily achieve respectable implementation in 2008-09.

**DISTRICT INDUSTRIES CENTRE -STATUS REPORT FOR PMEGP SCHEME 2008-2012**

**NAGAPATTINAM DISTRICT**

Rupees in Lakhs

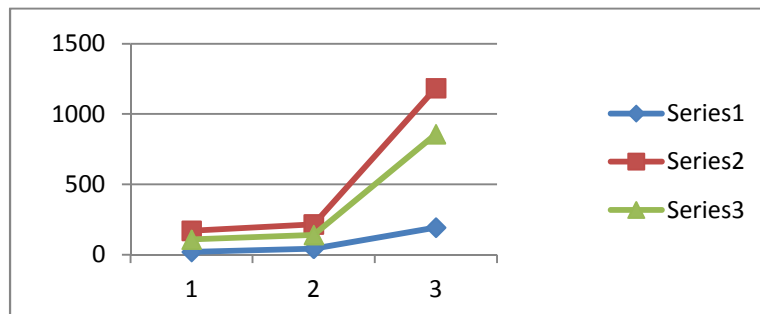
YEAR	TARGET			Projects sanctioned by banks			Projects Disbursed by bank		
	NO OF UNITS	MARGIN MONEY	EMPLOYMENT	NO OF UNITS	MARGIN MONEY	EMPLOYMENT	NO OF UNITS	MARGIN MONEY	EMPLOYMENT
2008-09	49	58.40	486	21	43.71	194	21	43.71	194
							42%	75%	40%
2009-10	85	101.40	855	203	258.13	1988	171	215.87	1185
							201%	212%	138%
2010-11	34	46.91	340	162	200.24	1449	108	141.60	858
							317%	301%	252%
2011-12	63	73.24	542	181	221.12	1881	172	198.20	998
							273%	271.23%	184%
<b>Total</b>	<b>231</b>	<b>279.95</b>	<b>2223</b>	<b>567</b>	<b>723.20</b>	<b>5512</b>	<b>472</b>	<b>599.38</b>	<b>3235</b>

Source: Annual reports of DIC, Nagapattinam for 2008-09, 2009-10, 2010-11& 2011-12

The National Average per State for the various years could be analysed from the data available which stands at Rs 1238.32, 2250.80, 2533.54 & 2809.45 lakhs for 2008-09, 09-10, 10-11 & 11-12 respectively. Similarly the Tamilnadu District average too is Rs74.28, 157.18 & 124.74 lakhs. When compared with the district average Nagapattinam District started with a small amount of 43.71 lakhs. But the next three years has been 215.87,141.60 & 198.20 lakhs which is above the district average by a good margin.

The sudden raise in Prime Minister’s Employment Generation Programme scheme in2009-10 is mainly due to the large applications of 2008-09 were carried forward to 2009-10.

The increase in performance of District Industries Centre, Nagapattinam is as follows,



The raising graphs show the performance of DIC in number of projects, margin money disbursed and the total employment generated through PMEGP. It has started increasing and year 2010-11 has seen a good increase which proves the better performance of DIC, Nagapattinam.

Being a rural, backward district, Nagapattinam has performed better and remain in the first place within Tamilnadu.

While implementing Prime Minister’s Employment Generation Programme Training of Entrepreneur is a compulsory requirement. A considerable effect has been taken by Nagapattinam District Industries Centre to ensure this EDP Training and the amount spent has started giving fruitful results .

**DISTRICT INDUSTRIES CENTRE - STATUS REPORT FOR TRAINING PROGRAMME UNDER PMEGP SCHEME 2008 – 2011**  
**NAGAPATTINAM DISTRICT**

Rupees in Lakhs

YEAR	NO OF UNITS	AMOUNT
2008-09	21	2.24
2009-10	203	11.23
2010-11	59	6.14
2011-12	82	8.12
<b>TOTAL</b>	<b>283</b>	<b>19.61</b>

**FINDINGS**

1. Tamil Nadu has disbursed margin money phenomenally higher than the National average.
2. In 2009-10, 2010-11 & 2011-12 Tamilnadu has exceeded the target.
3. Nagapattinam district has outperformed the state average by a huge margin in all the three parameters.
4. From 2009-10 to 2011-12 the target has been exceeded continuously.
5. The DIC Nagapattinam has performed the best in the year 2010-11 and has a sudden surge in the performance.

**CONCLUSION**

The District Industries Centre, Nagapattinam has performed well in the study period and the trend shows a possible continuation of this performance. Being a rural backward district it has good opportunities to further the PMEGP scheme. It is suggested that the DIC may concentrate on renewable energy products and services which is the need of the hour.

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**WOMEN EMPOWERMENT: A STUDY BASED ON INDEX OF WOMEN EMPOWERMENT IN INDIA**

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**ABSTRACT**

*Women's empowerment is a process whereby women become able to organize themselves to increase their own self-reliance, to assert their independent right to make choices and to control resources which will assist in challenging and eliminating their own subordination. Empowering women is one of the most crucial concerns of the Millennium Development Goals of the United Nations. The key objective of this research article is to measure the women empowerment in India by identifying the household decision making ability of women, to assess the economic decision making capability of women and evaluate the freedom of mobility of women for giving recommendation and suggestions to boost women empowerment in India. Here we are constructing the Index of Women Empowerment (IWE) has been constructed where indicators like women's political participation, work participation rate, literacy and average daily earning have been used to assess the extent of women empowerment and ranking of the states has been done on the basis of this index. Statistical package for social science (SPSS) is the main tool for data analysis and we have used regression model and frequency tables. For quantitative analysis, we have selected four main variables as independent variables and index of women empowerment as dependent variable. We have done a hypothesis testing by taking four hypotheses out of that two have been accepted and two rejected.*

**KEYWORDS**

Economic development, Human development, Women empowerment Index, Gender issues, Political participation, Female work participation.

**INTRODUCTION**

Women play a pivotal role in the overall progress of a country as they constitute half the human resources of a nation. The economic wealth of a country is seriously depleted if about half of the nation's human resource is neglected. Recognizing the need for involving women in various development activities, the Government of India has initiated several affirmative measures by way of programmes and schemes to bring them into the mainstream of development. These affirmative actions have brought about perceptible changes in the socio-economic conditions of women. The literacy rate of females, which was 8.86 percent in 1951 rose to 54.16 percent in 2001. Women's work participation rate, which was 19.7 percent in 1981, rose to 25.7 percent in 2001. The data base also brings out the areas where the progress has been slow if not retrograde. The sex ratio in the 0-6 years age group dropped from 945 in 1991 to 927 in 2001, which indicates that society still does not welcome a girl child and the preference rests with sons. Nearly 50 percent women get married before they attain 18 years of age, and 57.9 percent pregnant women and 56.2 percent married women suffer from anemia. Maternal mortality rate (MMR) is still quite high, at 254 maternal deaths per 100,000 live births (in 2006). Thus, there is room for much more to be done to ameliorate the plight of women at the grass root level.

**REVIEW OF LITERATURE**

There are various attempts in the literature to develop a comprehensive understanding of empowerment through breaking the process down into key components. The frameworks developed by various authors suggests that women's empowerment needs to occur along the following dimensions: economic, socio-cultural, familial/interpersonal, legal, political, and psychological. However, these dimensions are very broad in scope, and within each dimension, there is a range of sub-domains within which women may be empowered. So, for example, the —socio-cultural dimension covers a range of empowerment sub-domains, from marriage systems to norms regarding women's physical mobility, to non-familial social support systems and networks available to women. Moreover, in order to operationalize these dimensions, one should consider indicators at various levels of social aggregation – the household and the community, as well as regional, national, and even global levels. Acharya and Bennet (1983) studied on Nepal women empowerment in different dimensions like role in farm management, domestic, and resource allocation by taking the independent variables as market labour and unpaid family labour. They came to the conclusion that bringing women into the market economy positively affects their influence in resource allocation and domestic decision-making. Ackerly (1995) studied on Bangladesh women empowerment by considering dimensions of empowerment such as accounting knowledge, ability to provide information on inputs cost, product field and profitability of the loan funded activity through studying the factors, the loan characteristics and women's involvement in market activities funded by loans. They pointed out that women gain knowledge and empowerment through market access, but it rarely occurs. Hashemi (1996) studied on Bangladesh, the indicators of empowerment used are empowerment in household and community spheres by taking the independent variable as microcredit participation and women contribution to household. He is of view that microcredit empowers women by giving them greater economic value to their life. Mathura and Mather (1997) studied on women empowerment in Sri Lanka and the indicators of empowerment undertaken by them are women's role in household decision making and control over money matters. The independent variables are women and husband's education, participation in waged work, family structure. The findings are, work for pay and education increase decision making input in financial, but not in the social and organizational matters in the household. Manson (1998) studied on probability samples of urban households in Pakistan, India, Malaysia, Thailand and the Philippines, regarding women empowerment. The dimensions of women empowerment are women's role in household expenditure and decision making. The study have taken independent variables as social context in terms of gender and family systems, women's land assets, participation in waged work and wife's rank relative to husband. They found out that social context has a direct and indirect effects on women's economic power. Jejeebhoy (2000) has made a study on India in three dimensions like, role of economic decision making, role of child related decision making and the freedom from threat. The independent variables used are, religion, education, participation in waged work, dowry size, marriage endogamy, spouse age difference and household economic status. He found out that some dimensions of empowerment are more closely related than others. Frankenberg and Thomas (2001) studied on women empowerment in Indonesia, the indicators of empowerment used are women's role in household decision –making, control over cash, spending and time use. They have taken independent variables as relative status of husbands and wife's at marriage, e.g., education, age, social status of family of origin. They have found that status influence financial arrangements and decision making power. Mayoux (2001) studied on women empowerment in Cameroon. The dimensions of the study are control over income

and development of collective social and economic activities. The independent variables were microcredit participation and social capital, i.e., kinship, neighborhood and market networks. They found out that use of existing forms of social capital to channel microcredit limits benefit to women, especially the poorest women. Sridevi (2005) in her study in post graduate women teachers (PGT) in Chennai, India. The study carries out the variables that affected the level of the empowerment of women which are family type, age, education dummy, time spent in household work, freedom of mobility, spouse age differences, educational difference with spouse, number of children, control over personal salary and supporting natal home. The study aims to obtain a scientific measure of women empowerment in Chennai. She found out that as the age is higher the chance of empowerment is reduced and when the husbands are equally educated then the empowerment is increased. She recommends that the women should change their self perception more than being economically independent. Also, the society should understand the capabilities and the contribution of the women in the development process. Towfiqua et al., (2007) studied on Bangladeshi women in three dimensions of domestic empowerment like role of economic decision –making power, role of household decision making power and physical freedom of movement. The study aims to construct the women empowerment index and defines the relation between the empowerment and social aspects like age, age at marriage and age difference between spouses...etc. The study found that urban women are more empowered than rural women and older women have more independence and empowerment than younger women because of their life experiences. The study found out increase in the awareness about women rights and fundamental needs.

There is a lack of many studies in the Arab region that deal with issues related to women such as empowerment and human resources. A few studies that have been done so far includes a study by Solh (1999) on —Feasibility and Operationalization of Micro-credit Finance facilities, Theoretical Perspectives and Practical Considerations, which draws a comparison between Tunisia and Lebanon with regard to access of women to micro-credit a way towards empowerment. There are also studies on job, gender and small enterprises in Africa and Asia that compare some countries such as Tunisia to countries in Africa and Asia. One such paper is on the series on —Women’s Entrepreneurship Development and Gender in Enterprises. This research aimed to give a general overview of the situation of women in small business and small entrepreneurs against a back drop of the four countries’ economic conditions and the gender based socio-cultural, legal and political systems in place in these countries. The research examined a number of centers and organizations that are involved in income generation and enterprise promotion, and found out that a significantly larger proportion of women than men entrepreneurs were under 30 years of age. Data shows that women entrepreneurs have a slightly higher level of education than men entrepreneurs. The World Bank has produced several papers on gender; one of it is examining the impact of international trade. A study of 35 developing countries found a strong positive correlation between the female intensity of manufacturing (the number of female workers per 100 male workers) and export growth.

## RESEARCH OBJECTIVES

The main objective of the study is to construct women empowerment index in India. In this study the particular aspects or dimensions of women empowerment we consider are;

1. Women political participation
2. Educational attainment (female literacy)
3. Economic empowerment (women work participation rate) and
4. Average daily earnings and testing of the hypothesis about the dependence of each factor on women’s empowerment.

## METHODOLOGY

Although the study is qualitative in nature but quantitative methodology also has been chosen. This study is based on the secondary data. The secondary data have been collected from the census of India, Ministry of Panchayati Raj, Election Commission of India, Ministry of Statistics and Programme Implementation, Central Statistical Organization, Office of the Registrar General as well as publications such as journals, newspapers, magazines, books, Internet, and from other studies taken up by the government or other independent organizations.

## INDEX OF WOMEN EMPOWERMENT (IWE):

Women’s empowerment is multidimensional and it is very difficult to measure. It comprises the entire complexities of interactions, roles, rights and status that surround being male versus being female in a given society or culture (Mason, 1997). However, in our study we have tried to measure women’s empowerment in the domestic sphere by making women empowerment index. Here we construct the index of women empowerment (IWE) where several indicators have been used to assess the extent of women empowerment. The most commonly used indicators are women political participation, work participation rate, literacy and average daily earnings. A comprehensive measure of women empowerment should be able to incorporate information on several aspects (dimensions) of women empowerment, preferably in one single number. Such a measure can be used to compare the levels of women empowerment across economies and across states/provinces within countries at a particular time point. It can be used to monitor the progress for women empowerment in a country over a period of time. The various dimensions of IWE are follows.

- i. **Political Empowerment (Dimension1):** It refers to the equitable representation of women in decision-making structures, both formal and informal, and their voice in the formulation of policies affecting their societies. It measure the dimension of political empowerment by using data on the number of female ministers, seats in parliament held by women, women holding senior, legislative and managerial positions and the number of years a female has been head of state (president or prime minister) in each of the 34 states. The present study concentrates on the percentage of women in political participation across the states. Women’s participation in mainstream political activity has important implications for the broader arena of governance in any country.
- ii. **Educational Attainment (Dimension 2):** It is, without doubt, the most fundamental prerequisite for empowering women in all spheres of society, for without education of comparable quality and content to that given to boys and men, and relevant to existing knowledge and real needs, women are unable to access well-paid, formal sector jobs, advance within them, participate in, and be represented in government and gain political influence. Moreover, the risk increases for society as a whole that the next generation of children will be similarly ill-prepared. If, as a broad body of empirical work has shown, education and literacy reduce mortality rates of children— including the bias toward female child mortality—and help reduce fertility rates, the importance of literacy for women is all the greater, considering that women still constitute two-thirds of the world’s illiterate population. In the present study, educational attainment is captured using data on female literacy rates across the population. In this way, we are able to illustrate not only the current levels of women’s empowerment through education, but also the potential of future generations of women in a particular nation.
- iii. **Economic Participation (Dimension 3):** The economic participation of women—their presence in the workforce in quantitative terms—is important not only for lowering the disproportionate levels of poverty among women, but also as an important step toward raising household income and encouraging economic development in countries as a whole. Amartya Sen makes a compelling case for the notion that societies need to see women less as passive recipients of help, and more as dynamic promoters of social transformation, a view strongly buttressed by a body of evidence suggesting that the education, employment and ownership rights of women have a powerful influence on their ability to control their environment and contribute to economic development. Economic participation concerns not only the actual numbers of women participating in the labour force, but also their remuneration on an equal basis. The present study attempts to capture the empowerment of women in terms of economic participation by comparing work participation rate across the states.
- iv. **Economic opportunity (Dimension4):** It concerns the quality of women’s economic involvement, beyond their mere presence as workers. This is a particularly serious problem in developing countries, where women may gain employment with relative ease, but where their employment is either concentrated in poorly paid or unskilled job “ghettos,” characterized by the absence of upward mobility and opportunity. This is most commonly the result of negative or obstructive attitudes, and of legal and social systems which use maternity laws and benefits to penalize women economically for childbirth and child care responsibilities, and discourage—or actively prevent— men from sharing family responsibilities. In this study, we use data on the duration of

maternity leave, the percentage of wages paid during the covered period and the number of women in managerial positions to capture the variation between the economic opportunities available to women in different countries.

The proposed IWE takes values between 0 and 1, zero indicating lowest women empowerment (complete financial exclusion) and 1 indicating complete women empowerment. Such an index, in our view, will be most useful for policy makers and academic researchers. The dimension index for the  $i^{th}$  dimension,  $d_i$ , is computed by the following formula.

$$D_i = \frac{A_i - m_i}{M_i - m_i} \tag{1}$$

Where

$A_i$  = Actual value of dimension  $i$

$m_i$  = minimum value of dimension  $i$

$M_i$  = maximum value of dimension  $i$

Thus, considering the above three dimensions women political participation, work participation rate, literacy and average daily earning.—we can represent a state  $i$  by a point  $(d_1, d_2, d_3)$  in the three dimensional Cartesian space, such that  $0 < d_1, d_2, d_3 < 1$ , where  $d_1, d_2$  and  $d_3$  denote the dimension indices for state  $i$  computed using above formula. In the three dimensional Cartesian space, the point  $(0,0,0)$  will indicate the worst situation (complete absence of empowerment) and the point  $(1,1,1)$  will indicate the best or ideal situation (complete women empowerment). The index of each dimension is constructed where minimum and maximum values were chosen for each underlying indicator. Performance in each indicator is expressed as the minimum and maximum value between 0 and 1 in accordance with the construction method of the Human Development Index (UNDP, 2005). The IWE is then computed in a simple average of these three indices according to the formula below: The IWE for the state  $i$  is measured by the normalized inverse Euclidean distance of the point  $(d_1, d_2, d_3)$  from the ideal point  $(1,1,1)$ . Algebraically,

$$IWE = 1 - \sqrt{\frac{((1 - D1)^2 + (1 - D2)^2 + (1 - D3)^2 + (1 - D4)^2)}{4}} \tag{2}$$

While computing an index such as the one proposed here, availability of data is an important challenge. We found that the latest year for which some data are available for a reasonable number of states is 2001-11. Using data on all three dimensions for 34 states and union territories for the year 2001-11, IWE values have been computed. The IWE values computed for various states are presented in Table 3. Depending on the value of IWE, countries are categorized into three categories, viz...

1.  $0.5 < IWE < 1$  - High Women Empowerment
2.  $0.3 < IWE < 0.5$  - Medium Women Empowerment
3.  $0 < IWE < 0.3$  - Low Women Empowerment

TABLE-1: DATA ON VARIOUS DIMENSIONS OF INDEX OF WOMEN EMPOWERMENT ACROSS THE STATE AND UTs

S.No.	State/UTs	Political Participation (percent)	Female Work Participation Rate (Percent)	Literacy rate (percent)	Average Daily Earnings (Rs)
1	Andhra Pradesh	9.52	35.1	59.74	26.49
2	Arunachal Pradesh	1.67	36.5	59.57	55.05
3	Assam	4.92	20.7	67.27	39.02
4	Bihar	5.86	18.8	53.33	30.96
5	Delhi	12.86	9.4	80.93	65.34
6	Goa, Daman & DIU	5.00	22.4	81.84	50.00
7	Gujarat	2.20	27.9	70.73	33.27
8	Haryana	4.44	27.2	66.77	53.28
9	Himachal Pradesh	8.82	43.7	76.60	56.79
10	Jammu & Kashmir	2.30	22.5	58.01	36.00
11	Karnataka	2.68	32.0	68.13	27.21
12	Kerala	9.29	15.4	91.98	62.22
13	Madhya Pradesh	8.13	33.2	60.02	25.44
14	Maharashtra	4.17	30.8	75.48	24.34
15	Manipur	1.67	39.0	73.17	49.74
16	Meghalaya	5.00	35.1	73.78	35.44
17	Mizoram	0.00	47.5	89.40	114.50
18	Nagaland	0.00	38.1	76.69	30.00
19	Orissa	8.84	24.7	64.36	22.31
20	Pondicherry	3.33	17.2	81.22	30.27
21	Punjab	5.98	19.1	71.34	73.98
22	Rajasthan	7.00	33.5	52.66	39.12
23	Sikkim	3.13	38.6	76.43	39.08
24	Tamilnadu	3.85	31.5	73.86	30.48
25	Tripura	3.33	21.1	83.15	36.67
26	Uttar Pradesh	4.72	16.5	59.26	29.05
27	West Bengal	6.80	18.3	71.16	37.03
28	Chandigarh	0	40.0	60.59	22.92
29	Dadra & Nagar Haveli	0	38.7	65.93	28.66
30	Uttaranchal	0	27.3	70.70	52.79
31	Jharkhand	0	26.4	56.21	28.71
32	Chandigarh	0	14.2	81.38	0
33	Lakshadweep	0	7.3	88.25	0
34	Andaman & Nicobar Islands	0	16.6	81.84	88.72

Source: Census of India, Ministry of Panchayati Raj, Election Commission of India, Ministry of Statistics and Programme Implementation, Central Statistical Organisation, Office of the Registrar General.

**WOMEN’S POLITICAL PARTICIPATION**

Women’s participation in formal politics can be gauged by examining women’s participation in the Parliament which is taken as an indicator of empowerment. In India, the latest legislative initiative to increase women’s political representation proposes to set aside 33 per cent of legislative seats for women. If enacted, it will result in an increase in women in the national legislature simply because it requires a certain percentage of women to be elected. The number of women in the Lok Sabha would increase to 182 in one stroke, from the current level of 43 MPs (8.1 per cent). Elsewhere in the world, quotas also account for an increase in female representation. However, the present study concentrates on women’s political representation at the state level as gauged by their membership in state legislatures is abysmally low. The latest data from the states show that Delhi (12.86 percent) has the highest proportion of women members followed by Andhra

Pradesh (9.52 per cent) and Kerala (9.29 per cent). Other states with relatively high proportions of women in the State Assemblies include Orissa (8.84 per cent), Himachal Pradesh (8.82 per cent) and Madhya Pradesh (8.13 per cent) and states like Mizoram, Nagaland, Arunachal Pradesh, Manipur etc. have lowest women political participation. Lack of an active and articulate critical mass further disadvantages women. Even where women are articulate and assertive, they are deliberately marginalized through a process of exclusion by the dominant and powerful sections in these political institutions. If political participation of women has to become a reality, it has to be preceded by social and economic empowerment.

### FEMALE WORK PARTICIPATION RATE

The female work participation rate (FWPR) is measured by calculating the proportion of female main plus marginal workers among the female population. Women status has been gone second place in the country which lead to employment discrimination of women in various zones and badly affected women development. For example employment discrimination, denial of their rights, economic backwardness, employment injustice in organized sector..., society is giving right to employment for men and women; but every job we can see that society has adopted various discrimination against women. At the all-India level, only 30 per cent of women are defined as workers, main or marginal. Work force participation rate of women and men is a good indicator of economic development of the country. During 2005-06, WPR of women was about 31 percent in rural areas and 14 percent in urban areas according to the usual status. For males, the WPR about 56 percent both in rural areas and in urban areas. However, there was a marked improvement by about 6 percentage points for rural WPR of women as compared to 2004-05. Among the states, Kerala has the lowest FWPR, while Uttar Pradesh, West Bengal and Punjab are also states where female work participation is low (Table 1). Female work participation rates are high in states with hilly regions and those inhabited by tribals, such as most of the Northeast, Himachal Pradesh and Chattisgarh. These are also the states where there are low gender disparities in terms of work participation. Higher FWPR can be partially explained by the fact that community-based organisation of subsistence production requires a high level of women's labour participation. A factor that is also associated with better work participation levels is educational attainment, but not always. Although both Punjab and Kerala have high female literacy levels as well as low differences between male and female literacy levels, educational attainment does not correlate with work participation rate for females. But in the recent years, especially after the introduction of MGNREGS the women's work participation is increased much especially the state like Kerala where women organized through community based organization like Kudumbasree where female participation is more than 90 percent.

### FEMALE LITERACY

Literacy is the first step towards formal education. It refers to the ability to read and write. Female literacy has been improving over the years. The proportion of women who are literate has increased by 15 per cent over the last decade from 39 per cent in 1991 to 54 per cent in 2001. This is a remarkable improvement that reflects the concerted efforts of the state along with the assistance of non-governmental organisations and other concerned groups. Yet, even today 193 million women lack the basic capability to read and write. The emphasis laid on education, especially for women, is visible in the policy documents of the government such as the various Five Year Plans (since the Sixth Plan, 1980.85, in particular), the National Policy on Education (NPE) and so on (see Gopalan 2002; Government of India 1974; Mazumdar et al. 2001, for a detailed exposition of the evolution and planning of women's education).

Many programmes targeting different segments of the population have been instituted to promote literacy among women, young and old. These efforts have been only partially successful on account of the lower value ascribed to women's education in our society. All Indian states have registered improvements in female literacy rates (Table 1). Rajasthan, with the worst literacy levels among women in 1991 (as low as 20 per cent), has doubled its proportion of literate women in a decade to 44 per cent in 2001. Chattisgarh, the newly-formed state, and Madhya Pradesh are the other states with similar levels of improvement in women's literacy. This is an outcome of various educational programmes such as Mahila Samakhya, District Primary Education Programme (DPEP), Adult Literacy Mission and Non-Formal Education ventures (Karlekar 2000; Rampal 1996). The states with high women's literacy levels are Kerala, Mizoram and Goa. These are also the states where the gap in literacy rates between men and women is low. Bihar, U.P. and Jharkhand remain the worst states in terms of women's literacy, despite some improvements over the decade. The states of Madhya Pradesh, Orissa and Andhra Pradesh exhibit literacy levels that are below the all-India average.

### FEMALE DAILY EARNINGS

There is enough evidence that women are paid less than men for the same work. Coupled with gender discrimination in wage differentials is inequality in access to superior positions and promotions. Women are often seen in the lower categories of the job hierarchy. Discrimination exists not only in terms of wages but also in terms of access to employment. Often women are found concentrated in occupations where the wage rates, as well as working conditions are poor and substandard. Low levels of skill on entry, lack of access to on the job training, employment histories punctuated by time spent bearing and raising children, time off to care for family members and the assumption that men are the primary earners all contribute to the implicit assumption that women should be paid less than men. However the average daily earnings of women crafts workers are low, nearly half of that paid to male workers. In 2004-05, average casual wage for males and females was just Rs. 55 and Rs. 35 respectively in rural areas and Rs. 75 and Rs. 44 respectively in urban areas. Among the states, Mizoram (114.50) is the highest average daily female earnings in India, followed by Punjab (73.98), and Kerala (62.22) with lowest female daily earnings of Orissa (22.32), Madhya Pradesh (25.44) and Andhra Pradesh (26.49).



TABLE 2: INDEX OF 4 DIMENSIONS OF WOMEN EMPOWERMENT

States/UTs	D <sub>1</sub>	D <sub>2</sub>	D <sub>3</sub>	D <sub>4</sub>
Andhra Pradesh	0.74028	0.691542	0.180061	0.045341
Arunachal Pradesh	0.12986	0.726368	0.175738	0.355136
Assam	0.382582	0.333333	0.371567	0.181256
Bihar	0.455677	0.28607	0.01704	0.093828
Delhi	1	0.052239	0.718973	0.466753
Goa, Daman & DIU	0.388802	0.375622	0.742116	0.300358
Gujarat	0.171073	0.512438	0.459563	0.118885
Haryana	0.345257	0.495025	0.35885	0.335937
Himachal Pradesh	0.685848	0.905473	0.60885	0.37401
Jammu & Kashmir	0.178849	0.378109	0.136063	0.148498
Karnataka	0.208398	0.614428	0.393438	0.053151
Kerala	0.722395	0.201493	1	0.43291
Madhya Pradesh	0.632193	0.644279	0.187182	0.033952
Maharashtra	0.324261	0.584577	0.580366	0.02202
Manipur	0.12986	0.788557	0.521617	0.297538
Meghalaya	0.388802	0.691542	0.537131	0.142423
Mizoram	0	1	0.934385	1
Nagaland	0	0.766169	0.611139	0.083415
Orissa	0.687403	0.432836	0.297558	0
Pondicherry	0.258942	0.246269	0.726348	0.086343
Punjab	0.465008	0.293532	0.475076	0.560473
Rajasthan	0.544323	0.651741	0	0.182341
Sikkim	0.24339	0.778607	0.604527	0.181907
Tamilnadu	0.299378	0.60199	0.539166	0.088621
Tripura	0.258942	0.343284	0.775432	0.155765
Uttar Pradesh	0.36703	0.228856	0.167854	0.07311
West Bengal	0.528771	0.273632	0.470498	0.15967
Chandigarh	0	0.813433	0.201679	0.006617
Dadra & Nagar Haveli	0	0.781095	0.337487	0.068879
Uttaranchal	0	0.497512	0.4588	0.330622
Jharkhand	0	0.475124	0.090285	0.069422
Chandigarh	0	0.171642	0.730417	0.172795
Lakshadweep	0	0	0.905137	0.273891
Andaman & Nicobar Islands	0	0.231343	0.742116	0.72036

Source: Calculated from Equation 1

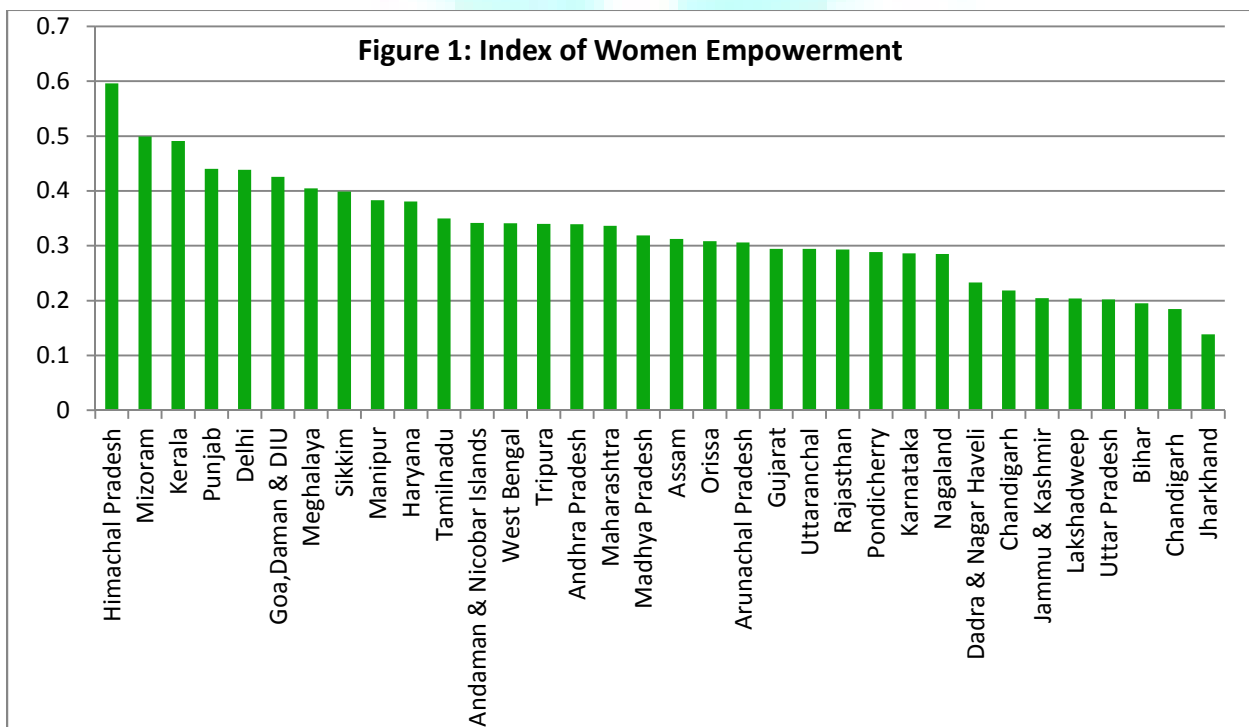
As evident from this example, any one single indicator fails to adequately capture the extent of women empowerment. Therefore a comprehensive measure of women empowerment should be able to incorporate information on several aspects of women empowerment which can be used to compare the levels of women empowerment across economies and across states/provinces within countries at a particular time point. Thus we propose an index of women empowerment (IWE), which take in to account of above four criteria. As per above given various dimensions and equation of women empowerment we derived the index of women empowerment and ranked each state on the basis of index which is given in the below Table 3.

TABLE 3: INDEX OF WOMEN EMPOWERMENT

S.No.	State/UTs	Index of Women Empowerment	Rank
1	Himachal Pradesh	0.596116	1
2	Mizoram	0.498925	2
3	Kerala	0.491013	3
4	Punjab	0.44008	4
5	Delhi	0.43840	5
6	Goa, Daman & DIU	0.425671	6
7	Meghalaya	0.404518	7
8	Sikkim	0.398513	8
9	Manipur	0.382717	9
10	Haryana	0.380375	10
11	Tamilnadu	0.349565	11
12	Andaman & Nicobar Islands	0.341301	12
13	West Bengal	0.341177	13
14	Tripura	0.339772	14
15	Andhra Pradesh	0.339267	15
16	Maharashtra	0.336348	16
17	Madhya Pradesh	0.318872	17
18	Assam	0.312446	18
19	Orissa	0.308477	19
20	Arunachal Pradesh	0.305868	20
21	Gujarat	0.294083	21
22	Uttaranchal	0.29405	22
23	Rajasthan	0.293337	23
24	Pondicherry	0.288148	24
25	Karnataka	0.285903	25
26	Nagaland	0.284805	26
27	Dadra & Nagar Haveli	0.23289	27
28	Chandigarh	0.218476	28
29	Jammu & Kashmir	0.204312	29
30	Lakshadweep	0.203722	30
31	Uttar Pradesh	0.202048	31
32	Bihar	0.194807	32
33	Chandigarh	0.184688	33
34	Jharkhand	0.138453	34

Source: Calculated from Equation 2

Thus, Table 3 shows the index of women empowerment where the state of Himachal Pradesh reached the first place with given index value of .596, followed by Mizoram (0.498), and Kerala (0.491) which second and third position respectively. However, there is only one state which is lying between 0.5 and 1 which is considered as highest women empowerment is Himachal Pradesh. The states like Kerala, Mizoram, Delhi, Punjab, and Goa, Daman & DIU Meghalaya, Sikkim, Manipur, Haryana, Tamilnadu, Andaman & Nicobar Islands, West Bengal, Tripura, Andra Pradesh, Maharashtra, MP, Assam, Orissa and Arunachal Pradesh have secured medium/ average women empowerment index. All the remaining states acquired the low index of women empowerment. Adequate, appropriate and comparable data for a large number of years and for a large number of states is the essence of a robust IWE. Owing to lack of appropriate data, we are unable to incorporate many aspects of an empowerment of women in our present index. Figure 1 also explains the index of women empowerment across the states.



Source: Table 3

**ANALYSIS OF WOMEN EMPOWERMENT (HYPOTHESIS TESTING)**

This section assesses the available data respect to the predetermined four hypotheses.

1. Hypothesis.1:H0: There is no significant relationship between women's political participation and total women empowerment.
2. Hypothesis .2:H0: There is no significant relationship between women's literacy rate and total women empowerment.
3. Hypothesis.3:H0: There is no significant relationship between women's work participation rate and total women empowerment.
4. Hypothesis.4: H0: There is no significant relationship between women's average daily earnings and total women empowerment.

**TABLE 4: REGRESSION ANALYSIS**

Variable (Independent Variable)	R Square	ANOVA sig	Coefficients	
			$\beta$	Sig
Political Participation	.081	.149	.285	.149
Female Work Participation Rate	.058	.169	.241	.169
Literacy Rate	.285	.001	.534	.001
Average Daily Earning	.379	.000	.615	.000

Dependent Variable: Index of Women Empowerment.

Table 4 gives the simple linear regression results. It shows the R Square = .081 means that only 8 percent of the variation in Y (dependent variable, total women empowerment) is explained by X (independent variable- political participation). Also, ANOVA shows that level of significant (P) and its value is .149,  $P > 0.05$ ,  $\beta = .285$ . So, the null hypothesis is accepted and the alternative hypothesis is rejected. There is no significant relationship between political participation and women empowerment. The table also shows that, the R Square = .058 which means 5.8 percent of the variation in Y (total women empowerment) is explained by X (female work participation rate). Also, ANOVA shows, the level of significant is 0.149,  $P > 0.05$ . So, there is no significant relationship between female work participation rate and women empowerment. The null hypothesis is accepted and alternative hypothesis is rejected. Also,  $\beta = 0.241$ ,  $P > 0.05$ , which means no impact of education on women empowerment. The table also shows that the R Square = .285 which means that 28.5 percent of the variation in Y (total women empowerment) is explained by X (literacy rate). Also, the level of significant 0.01,  $P < 0.05$ , so the null hypothesis is rejected and the alternative hypothesis is accepted. There is a significant relationship between literacy rate and women empowerment. Also,  $\beta = 0.534$ ,  $P < 0.05$ , implying a positive impact of literacy on women empowerment. The table 4, also show that the R Square = .379 which means that 38 percent of the variation in Y (total women empowerment) is explained by X (average daily earning). It means the average daily earning has significant relationship on the women empowerment. Also, ANOVA shows P value is .000 and the level of significant is 0.00,  $P < 0.05$ . So the null hypothesis is rejected and alternative hypothesis is accepted. There is a significant relationship between average daily earnings and women empowerment.  $\beta = .615$ ,  $P < 0.05$ , implying positive impact between average daily earnings on women empowerment. Thus, among the four hypotheses we tested, two hypotheses have shown the positive relationship between the dependent and independent variable.

**CONCLUSION**

Based on research findings we have certain recommendations for the agencies working for women empowerment. Economic self-sufficiency is necessary, though it is not a sufficient condition for empowerment of women. One of the limitations of this index is that it didn't include the social factor, although it contributes more for women empowerment. Public policies are extremely important to strengthen the legal institutions that guarantee equal rights and opportunities to women. The recent policy framework of international agencies such as the World Bank that emphasize institutional reforms along with human development is a positive step in this direction. Although some variable have no significant relationship, it is advised that future research in women's empowerment in India can concentrate more on variables that have a positive impact on women empowerment. The government and non-government agencies can work on enhancing the women's traits and capabilities. Participation in seminars and lectures and encouragement for taking waged employment would help or strengthen the role of women in decision making.

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**WOMEN EMPOWERMENT – BREAKING THE GLASS CEILING**

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**ABSTRACT**

Women in recent years have undoubtedly proved themselves in all walks of life. However, women executives still have to cover a lot of ground. As per the report of Catalyst, the leading research & advocacy organization for corporate women, it will take women 47 years to attain parity as corporate officers. The prime reason being the gender discrimination that has unnoticeably engulfed into most companies across the world. Some research reports have revealed that women declare 'gender barrier' as still playing a key role in restraining their achievements at the workplace. As a matter of fact, very few Indian companies have women in senior management positions. Recent survey reveals that only 26.1% of the listed companies have women in their board. A leading company like Videocon does not hire women for its office in Mumbai, no women would be found on the shop floor of Bajaj Auto. Despite this, women executives in India earn 40% less than what men earn in their entire career. Corporate argue that no glass ceiling exists. They claim that "women were paid lower salaries since they left the jobs midway, worked for less time and joined low-risk jobs." It is suggestive to take some remedial measures to overcome the glass ceiling. The issue can be dealt from two sides- employer & the employee. Employer can ask women about the organisation's culture, make organization more friendly & supportive, conducting regular interaction of board members with talented female executives, monitor the flow of promotions, make succession planning irrespective of their gender, and promote best practices for women & men. Women employees need to understand their own strengths & weaknesses make preparations for long term route map need to manage their profile & reputation as a tool of impression management, and understand organizational negative politics at different power bases to resolve their conflicts etc.

**KEYWORDS**

empowerment, gender discrimination, glass ceiling, organization culture, politics.

**INTRODUCTION**

Women in recent years have undoubtedly proved themselves in all walks of life. However, women executives still have to cover a lot of ground. As per the report of Catalyst, the leading research & advocacy organization for corporate women, it will take women 47 years to attain parity as corporate officers. The prime reason being the gender discrimination that has unnoticeably engulfed into most companies across the world. Some research reports have revealed that women declare 'gender barrier' as still playing a key role in restraining their achievements at the workplace.

The overall employment situation of women has not evolved significantly. The ILO's Global Employment Trends (2003) reported that women continue to have lower labour market participation rates, higher unemployment rates and significant pay differences compared to men. Women represent over 40 per cent of the global labour force, approximately 70 per cent of women in developed countries and 60 per cent in developing countries. There has also been little change in their share of professional jobs in the last few years. Women occupy around 30 to 60 per cent of professional jobs. This represents an increase of 0.7 per cent between 1996-99 and 2000-02. However, considerable variations remain between women's share in different types of professional jobs. Cultural and social attitudes towards what constitutes "male" or "female" jobs result in occupational segregation, although the extent of the problem varies from country to country, and from job to job. Women are mainly concentrated in the "feminized" professions such as nursing and teaching, where at the same time they remain in lower job categories than men. However, women continue to make small inroads into non-traditional fields such as law, information and communication technology (ICT) and computer science, and engineering, and there is evidence that employers are beginning to promote women more systematically and to introduce family-friendly policies in order to retain them. However, women who choose non-traditional jobs can face special constraints in the workplace, not least of which are isolation, limited access to mentoring and female role models, and sexual harassment.

Management positions represent only a small proportion of the total workforce, although this job category has grown over the last few decades due to the growth in the service sector. The expansion of this sector has often given more employment opportunities to women and, although they remain under-represented, their increased participation in the sector has exceeded in their labour force participation as a whole. Recent global statistics show that women continue to increase their share of managerial positions but the rate of progress is slow, uneven, and sometimes discouraging for women faced with barriers created by attitudinal prejudices in the workplace. In those professions normally reserved for men, women managers are few and far between. Even in female-dominated sectors where there are more women managers, a disproportionate number of men rise to the more senior positions. The rule of thumb is still: the higher up an organization's hierarchy, the fewer the women.

**EMPOWERMENT**

Empowerment is any process that provides greater autonomy to employees through the sharing of relevant information and the provision of control over factors affecting job performance. Empowerment helps remove the conditions that cause powerlessness while enhancing employee feelings of self-efficacy.

**GLASS CEILING**

The concept of glass ceiling surfaced in the US in the late 1970s. Glass ceiling was not a barrier to an individual as such, but a barrier to women and other minorities as a group.

The US department of labor has defined 'Glass Ceiling' as "an artificial barrier based on attitudinal or organizational bias that prevents qualified women and other minorities from advancing upward in their organization into senior management level position."

**GLASS CEILING REALITIES**

As a matter of fact, very few Indian companies have women in their senior management positions. According to an index positioned by Humanscapeindia.net, nearly three quarters of Indian women CEOs believe that they have to work much harder than their male CEOs to prove themselves. Recent survey reveals that only 26.1% of the listed companies (392 of 1,500 firms) have women in their boards. Out of the 278 directors on the BSE listed companies, there are only 10 women directors. Despite this, women executives in India earn 40% less than what men earn in their entire career. Even when compared to its global counterparts, corporate India stands below average. It is surprising to note that, only 36% of Indian companies have women holding top management positions, as compared to 91% of companies in China. HCL has 24.5 percent female workforce which is a significant achievement. It is tipping point. About 80 percent of the women who works in the company are at entry level, and the other 20 percent re spread through the ranks. Within this 20 percent, about 15-18 percent are first or second level managers; the rest are senior managers. This is an eye opening fact to contemplate on how successful women have been breaking the glass ceilings. Glass ceiling is an invisible hurdle that determines the level to which a woman can grow in an organization. In general, it is an attitudinal or organizational bias, which prevents women from occupying leadership positions in organizations. There are many signs to indicate that the glass ceiling exists in

organizations. A major sign of the same is the difference in the pay structure of women. Another indicator of glass ceiling is that women's career growth is hampered by the corporate culture. For instance, corporate policies and practices can maintain the status quo by keeping men in positions of corporate power. Stating that while women outperform in taking care while men outperform in taking charge is how the corporate sector justify this bias. Despite better performances, women receive less support and appreciation from their male bosses and are slower to be promoted. Such stereotypes act as main reasons for women failing to reach the top in an organization.

As far as women's share of managerial positions is concerned, the rate of progress is slow and uneven. Their share ranged between 20 and 40 per cent in 48 out of the 63 countries in the sample in 2000-02. Men are in the majority among managers, top executives, and higher levels of professional workers whilst women are still concentrated in the lower categories of managerial positions. Both visible and invisible rules have been constructed around the "male" norm, which women sometimes find difficult to accommodate: male and female colleagues and customers do not automatically see women as equal with men, women tend to work much harder than men to prove themselves, and sometimes they have to adapt to "male" working styles and attitudes more than necessary. Furthermore, women tend to be excluded from the informal networks dominated by men at the workplace, which are vital for career development. The problem is compounded by employers' assumption that women, unlike men, are not able to devote their full time and energy to paid work because of their family responsibilities. Consequently, women are not given as many opportunities as men to do the more demanding responsible jobs, which would advance their careers. However, there is evidence to show that once women attain the upper levels of management, attitudes towards them are not much different to those towards men.

## PURPOSE

The purpose of this paper is to know whether there exists glass ceiling for women executives in the corporate or not and to come out with ways to reduce glass ceiling, if it exists.

## RESEARCH METHODOLOGY

The data is collected through secondary data sources. Secondary sources mean gathering information using published data such as journals, newspapers, research papers, reports, books and also through online.

## DATA BY COUNTRY AND AGE GROUP

Data from a variety of countries reveals that women continue to be seriously underrepresented in managerial positions, especially at the higher levels.

According to a study by the United States General Accounting Office published in 2002, women in the country now represented close to 47 per cent of the workforce, but held only 12 per cent of all managerial jobs. Women managers tend to be concentrated in certain sectors and jobs. More than 60 per cent of women managers were working in professional medical services, hospitals, and education. Women managers were also more likely to be found in personnel and human relations, while men managers were more likely to be found in purchasing, marketing, advertising, and public relations. Women were particularly underrepresented in higher positions.

### CANADA

In Canada, 35 per cent of managers were women in 2001, an increase of 6 per cent since 1987. However, women's share of senior management jobs was lower at 23 per cent in 2001.

### THAILAND

In Thailand in 2000, women's share in the private sector as officers (45 per cent), supervisors (42.2 per cent), and department managers (41.5 per cent) was nearly double their share as directors (28.7 per cent).

### LATIN AMERICA AND THE CARIBBEAN

In Latin America and the Caribbean, the share of women in managerial positions ranged from 25 per cent to 35 per cent, with a high of 48 per cent in the Netherlands Antilles and a low of 10 per cent in Suriname.

### JAPAN

In Japan, women managers were markedly under-represented, particularly in higher managerial positions, although the statistics show a slight improvement in the last decade. According to a 2002 survey by the Ministry of Health, Labor and Welfare of approximately 6,700 companies, women managers were working as sub-section chiefs (11.9 per cent), section chiefs (5.5 per cent), and department heads (3.2 per cent). In 1989, the figures were 5 per cent, 2.1 per cent, and 1.2 per cent respectively. The survey also revealed that 30.5 per cent of the companies canvassed reported that male employees were promoted more rapidly than female colleagues with the same university degrees, and 32.9 per cent reported that the difference between male and female positions and promotions became evident six to ten years after they had joined the company (between the ages of 28 and 32).

## SHARE OF WOMEN MANAGERS BY AGE GROUP

The survey done by United States General Accounting Office analysed the share of managers among the female employees by age group. It showed that only 5.6 per cent aged between 30 to 39 were sub-section chiefs, 4.1 per cent aged 40 to 49 were section chiefs, and 1.4 per cent aged 50 to 59 was department heads. Conversely, the share of male employees in the same jobs and age groups was 20.6 per cent, 24.5 per cent, and 17.2 per cent respectively. These figures show that after several years of work, a woman is more likely to be found in a lower position than a man with the same qualifications who joined the labour market at the same time. The reasons for this discriminatory practice have been identified in a number of surveys and attest to the fact that the damaging myths associated with women in business continue to pervade the workplace.

## RECOMMENDATIONS

1. Strategies to facilitate women's progression to management and executive positions require high-level commitment to change the existing culture within a firm or organization. Sensitization programmes at all levels of the hierarchy should be geared to refuse the myths surrounding women's capabilities and dedication to work, improving managers' understanding of gender and family issues, and endorsing the valuable contribution women can make to an organization's image and to its productivity. This can be dealt from two sides namely, the employer and the women employee.

From employers' side:

- Employer can ask women about the organisation's culture
- Make organization more friendly & supportive
- Conducting regular interaction of board members with talented female executives
- Monitor the flow of promotions
- Make succession planning irrespective of their gender, and promote best practices for women & men

From women employees' side:

- Women employees need to understand their own strengths & weaknesses, make preparations for long term route map need to manage their profile & reputation as a tool of impression management
  - Understand organizational negative politics at different power bases to resolve their conflicts etc.
  - In order to compete on a par with men, it is also essential that women have access to management training and line experience, mentors and role models at the highest levels, as well as admittance to formal and informal networks and channels of communication at work.
2. Integrated and sustained efforts also need to be made to ensure that components of equal employment opportunity policies (including recruitment, job assignment, career planning, grading, wages, transfer and promotion) are closely monitored and that the procedures are transparent, objective and fair.
    - More inventive elements can be added to ensure that women are not penalized financially for motherhood, such as the elimination of retirement plan forfeitures for career breaks, the provision of unpaid leave of absence with a guarantee of a job on return to work, and the promotion of women who work part-time.
  3. One of the main characteristics of professional and managerial work is the extended working hours that are entailed to obtain promotion. At times it is difficult for both men and women to reconcile the long hours required of management employees with their family responsibilities. Therefore:
    - Family-friendly policies (including flexible working hours, parental leave for men and women, child care facilities, etc.) should be important elements in any integrated package of measures supporting women at work.
  4. Measures that employers can take to improve the work environment of women in non-traditional jobs should include:
    - Ensuring that anti-discrimination legislation is enforced at the workplace so that women have equal access to jobs;
    - Implementing no-nonsense sexual harassment policies whilst providing education about sexual harassment to create a climate of respect in the workplace;
    - And providing forums for women to address issues affecting them in non-traditional jobs.
  5. More decisive measures are needed to harmonize remuneration structures for both male and female employees, such as:
    - Making wage systems more transparent and employees' eligibility for different components of remuneration more specific;
    - Ensuring that all employees' conditions and benefits are equal and giving part-time workers the same entitlements, conditions and benefits as full-time workers on a pro-rata basis;
    - Subjecting wages to review procedures, and regularly monitoring and evaluating pay systems.
  6. Strategies to encourage female students to widen their study choices include:
    - Eliminating sex-stereotyped images of women and men and sexist language from school curricula (teaching materials and teaching methods) so that women's equal participation in all areas of society is instilled into children's consciousness from an early age;
    - Sensitization programmes for teachers, focusing on removing discriminatory practices and attitudes from teaching and vocational guidance, and awareness raising campaigns among students' families and friends, and among the community at large.
  7. Female mentors and role models on which students can shape their career aspirations are in short supply at the tertiary level because the teaching profession tends to be dominated by women in the more junior positions.
    - Programmes are needed to improve their presence in the academic hierarchy, particularly in non-traditional subject areas. These programmes could take the form of affirmative action or quota systems to promote women teachers from within schools and universities, nominate them to selection committees, and provide them with high-profile professorial chairs.
    - The provision of on-campus child care facilities would not only give teachers the work flexibility they need but may also increase tertiary level enrolment of women with young children. Also, more women may be persuaded to enroll in scientific and technological fields if promotional materials on university courses in non-traditional subjects specifically targeted female students.
  8. Lastly, in order to overcome the general discriminatory view of women with non-conventional qualifications, programmes need to be developed to help employers recognize the capabilities of women and the benefits they can bring to their businesses.

## BREAKING THE GLASS

Gone are the days when we could hardly see women in the core management of organizations. Women are increasingly taking up superior positions in the corporate world, thereby turning down all the male bastions. In the corporate world women have shown true perseverance and determination to break the glass ceiling. According to the survey report of Fortune 500 companies (May 5, 2008 issue), 12 companies of Fortune 500 companies are run by women and a total of 24 companies in the list of Fortune 1000 companies have women in the top positions. There are women who have taken on the entire world: Indra Nooyi, CEO, PepsiCo; Lalita Gupte, JMD, ICICI, Naina Lal Kidwai, MD, HSBC India; Chanda Kochhar, CEO, ICICI, Pragma Raman, Group Executive President of Aditya Birla Group to name a few. Some of the India's top corporates are now passing specific mandates to head hunting firms to fill middle and senior management positions with women candidates. Bharti enterprises & American Express have mandated their recruitment agencies to have a certain percentage of women candidates' at the interview stage. These efforts are commendable and could pave the way for the corporate world.

## CONCLUSION

Living in a borderless world, where organizations operate at a global level, lot of space exists for career development. Large organizations are trying to create a positive and conducive work environment for women to work effectively & enthusiastically. Many corporates believe that these glass ceilings are myths & self created. They are of the opinion that women would have to barge their way out of this self-imposed barrier. The first opinion is that women can hold higher positions based on their talents, through hard work and aspirations. The second opinion talks about work challenges & family responsibilities that get in the way of women's career development. Many women discover that family is more important to them as they climb the corporate ladder & hence quit playing senior roles in the management. However, some ambitious women are in a career race backed by family support, by sharing the family burden equally with their partner. The glass ceiling no longer applies to many workplaces for most women. In reality also there is not as much as a barrier stopping women from progressing to the top as they seem to think but they should overcome the challenges. Though the change is slow, it is underway.

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## POVERTY AND FOOD SECURITY NEXUS IN INDIA

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### ABSTRACT

*The prevalence of mal-nutrition in India is among the major issues of current period. Drawing on qualitative studies and quantitative evidence from different surveys and analysis, this paper explores the various aspects of food problem in India and examines the effectiveness of government intervention in addressing it. Today more than one billion are very poor and suffering from hunger, India is home to more than one-fourth (238 million) of the world's total (850 million) of under-nourished people, which is 21 percent of the national population. Every six million children under the age of five die due to mal-nutrition and related preventable disease. The sad fact today is that despite a conveniently low notion of poverty adopted by the government, one in every four Indian is poor. This is abysmal, but the truth is that the situation is much worse. When we develop a poverty line based on all basic needs, we will find two-thirds of the Indian population is poverty-stricken. A recent study of Arjun Sengupta states that, in India 903 million people are living below the poverty line. Yet, we do not have a uniform, universally acceptable measure of poverty. India has reduced income poverty, which has fallen significantly in recent years. Besides this improvement food insecurity remains a challenge. In India the stock of food grains available is above the level of buffer stock norms prescribed by the government. Thus, the problem today on the food front is not one of scarcity but that of security.*

### KEYWORDS

Food security, Government intervention, Mal-nutrition, Poverty.

### INTRODUCTION

The close historical nexus has been seen between the improvement in food security and reduction of poverty as a result of government efforts - to link market-led economic growth to interventions that improve the food security at both the household and national levels. Poverty encompasses different dimensions of deprivation that relate to human capabilities including consumption and food security, health, education, rights, voice, security, dignity and decent work (OECD, 2001, P. 8). No society can surely be flourishing and happy, of which the far greater part of the members are poor and miserable (Adam Smith, 1776). Optimal, physical, cognitive and emotional development and function in humans requires access to food of adequate quantity and quality at all stages of the life span (Cook & Frank, 2008).

Although, the poverty is the sum total of a number of factors that include not just income but also access to land and credit, nutrition, health, literacy, education, safe drinking water, sanitation and other infrastructural facilities in India, poverty is conventionally defined in terms of income poverty that is related to hunger and measured in different ways. As per latest data of the Planning Commission - available till 2009-10, India has 32% people living below the poverty line. These estimates are based on the formula suggested by the Tendulkar Committee for computing the number of poor in the country. The formula estimates poverty on the basis on consumption based on cost of living index. If this data is to be believed, the country has seen reduction of poverty from 37.2% in 2004-05 to 32% in 2009-10.

Mounting food grain stocks with the Food Corporation of India on the one hand and recurring starvation deaths in different part of India show that the food security policies being followed in this country are not bearing fruit. From this it is clear that though India has achieved food security at the national level, it has not achieved food security at the household level (Venugopal, 1992). Many individuals have suggested that poverty fell considerably during 1990s due to 'trickle down effects' (Lal, Mohan, and Natrajan 2001).

A 1962 Planning Committee first attempted to define an official poverty line for India. India measures a poverty line using a calorie-based approach, utilized in many countries around the world. Such line operates under the assumption that there is a strong correlation between mal-nutrition and other notions of poverty such as low income (Ray 1998).

### CHANGING CRITERIA OF POVERTY IN INDIA

The idea of defining poverty in terms of a poverty line was first proposed during the Indian Labour Conference in 1957. The criteria for measuring the poverty line has been changed many times over the last nearly 40 years but only with minor variations. A Working Group under the Planning Commission then stipulated a calorie based poverty line of Rs. 20 per person per month. But it was only during the sixth five-year plan that the Planning Commission started estimating the incidence of poverty at National and State level (both in rural and urban areas) on the basis of the recommendations of the Task Force set-up in 1979 - on projections of minimum needs and effective consumption demand. Using this methodology the Planning Commission, in the past, released poverty estimates for the year 1973-74, 1977-78, 1983, 1987-88 and 1993-94, 1999-2000 and 2004-05.

A variety of descriptive indices are used to measure poverty, but the most common are the Head Count Index (HCI), Poverty Gap Index (PGI), and Squared Poverty Gap Index (SPGI). The Head Count Index, also called the Head Count Ratio (HCR), is most widely used index. The HCR is defined as the proportion of the national population whose expenditure is below the official threshold (or thresholds) set by the national government. By construction therefore, HCR is a useful yardstick which allows for the monitoring of the proportion of the national population that is considered to be poor based on a national standard. If a household spends below a pre-defined level, then it is considered to be poor. The index measures the portion of families below the poverty line. The HCI is useful since it allows one to calculate the marginal impact of additional spending, output, etc. on the number of people lifted out of poverty. The HCI is specified by,

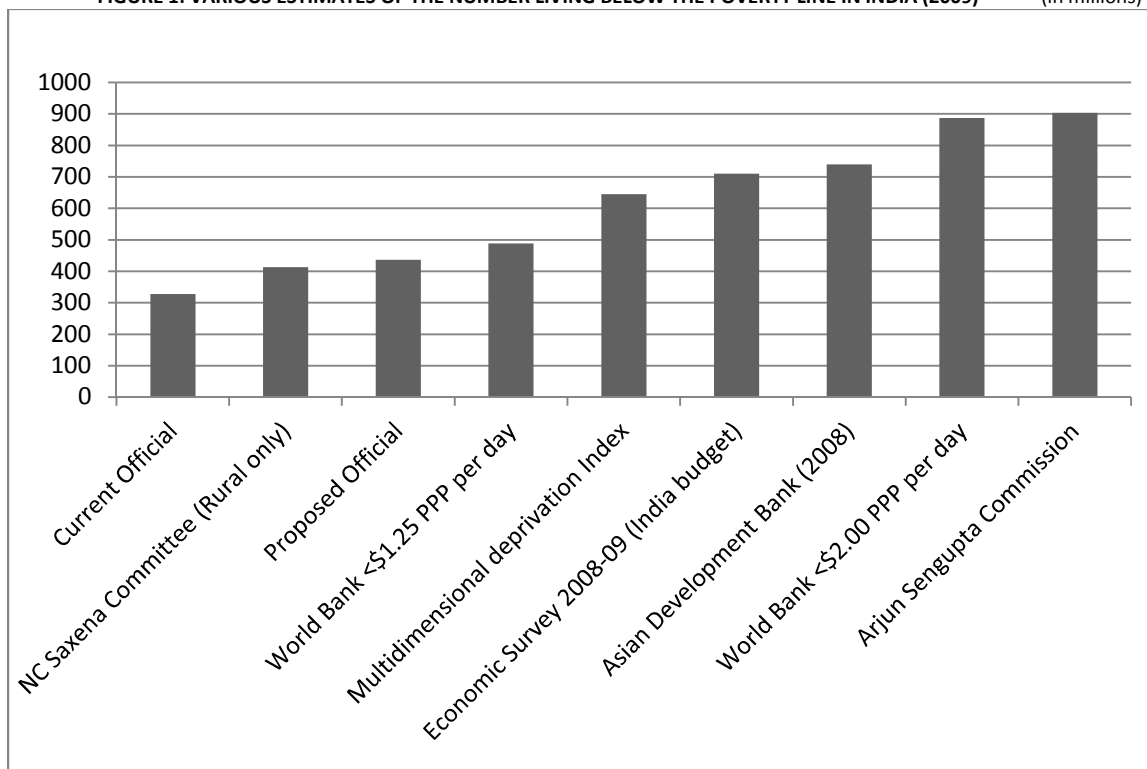
$$HCI = \frac{HC}{n}$$

Where n is the total population and HC is the number of households that satisfy the condition  $y_i < p$ , where i define p to be the poverty line and  $y_i$  to be the expenditure level of an individual or household.

In India government support for food security is broad. The national government has about 20 schemes in place to tackle food insecurity and malnutrition. These are related to various government sectors, since they seek to support agricultural production, distribution, purchase and use, as well as to ensure the provision of health and nutritional services, sanitation and others. Initiatives include subsidized food sales, school meals, healthcare services, and pensions for targeted vulnerable citizens. In India, major food security programs are the TPDS, whose budget is estimated to exceed US\$ 5.4 billion a year with the aim of reaching 160

million households (Saxena, 2011) and NREGA of 2005, which offers rural households a minimum of 100 days of guaranteed employment per year, with an annual budget of more than US\$ 8.7 billion and 45 million beneficiary families (Pullarao, 2010). Other large initiatives are the Mid-Day Meal (MDM) and the Integrated Child Development Service (ICDS).

FIGURE 1: VARIOUS ESTIMATES OF THE NUMBER LIVING BELOW THE POVERTY LINE IN INDIA (2009) (in millions)



Source: PRB, based on different recent estimates of the percent below poverty

**STRATEGIC APPROACH OF FOOD SECURITY**

The term ‘food Security’ is of rather recent origin. It was ‘The World Food Conference’ convened by FAO in 1974, which for the first time drew attention of the world community to the urgent need of devising ways and means of assuring Food Security to the hungry millions of the world. This conference gave the call that no child, woman and man should go to bed hungry and the physical and mental capabilities of none should be stunted by malnutrition.

The World Bank defined Food Security as ‘access by all people at all times to enough food for an active and healthy life’. However, FAO defined Food Security as ‘ensuring that all people at all times have, both physical and economic access to basic food they need’. World Food Summit 1996 in World Food Summit plan of action stated that “Food Security exists when all people at all times have physical and economic access to sufficient, safe and nutritious food to meet their dietary needs and food preferences for an active and healthy life” (Taimni, 2001). Food Security has four main dimensions: physical availability of food; economic, social and physical access to food; food utilization; and the stability of the other three dimensions over time. The definition is the result of important advances in the meaning and common understanding of Food Security (FAO, 2008).

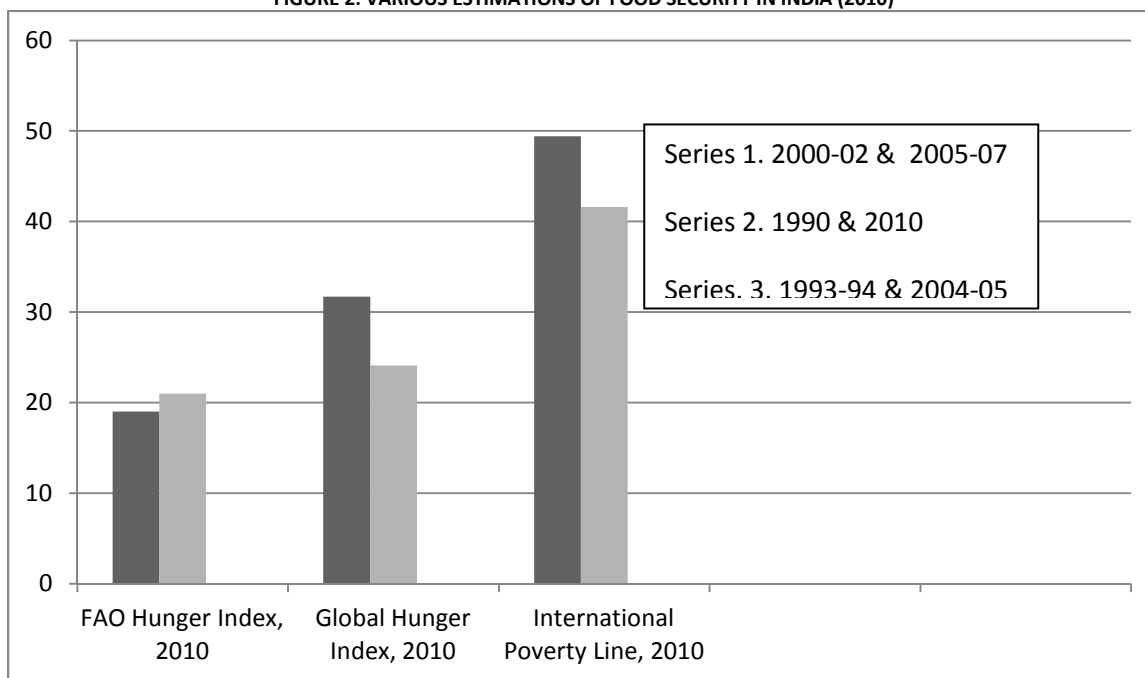
Engel’s Law ensures that success in generating rapid economic growth that includes the poor is the long-run solution to food security. In the language of Dreze and Sen (1989), such economic growth provides ‘growth mediated security’. Rapid economic growth has been the main vehicle by which most Asian countries have reduced poverty and enhanced food security (World Bank 1993).

A recent study in eight countries estimates that the rise in food prices between 2005 and 2007 increased poverty by 3 percentage points on average. Extrapolating these results globally suggests that, as a result of the rise in food prices, total world poverty may have increased by 73-105 million people (World Bank 2008). FAO’s food insecurity numbers in 2007 show that 75 million more people were added to the total number of undernourished relative to 2003-05. The rising prices have increased 41 million hungry in Asia and 24 million hungry in sub-Saharan Africa. India has around 238 undernourished population.

In order to offer a picture of the food security situation in India, a set of international measures are presented in figure 2. A widely used related criterion is the international poverty line at purchasing power parity (PPP). International poverty lines were recently revised and new extreme poverty line is set at US\$ 1.25 a day in 2005 PPP terms, which represents the mean of the poverty lines found in the poorest 15 countries ranked by per capita consumption (World Bank, 2010).



FIGURE 2: VARIOUS ESTIMATIONS OF FOOD SECURITY IN INDIA (2010)



Source: FAO (2010), IFPRI (2010), World Bank (2010).

The Food and Agriculture Organization (FAO) uses a hunger measure based on undernourished, which refers to the proportion of the population whose dietary energy consumption is less than a pre-determined threshold. FAO shows that India has worsened since 1995 and the country's substantial levels of undernourishment stands at 21 percent in 2005-07 as shown in figure 2. Another widely used and more complex tool is the Global Hunger Index (GHI) to measure and track global hunger. The GHI shows in figure 2 that from 1990 to 2010 India moved from a situation of extremely alarming hunger (31.7 %) to one of alarming hunger (24.1 %). It is important to add that India is among the four countries in the world with the highest prevalence of underweight in children below five years of age (43.5 per cent).

Fan and Hazell (1999) estimated the returns of various public investments in different regions of India using district level data. The districts were classified into three categories: irrigated, high-potential rainfed, and low potential rainfed. Using district level data for 1970-95, an econometric model was estimated to measure the impact of different types of public investments on agricultural production and rural poverty in each of these three types of areas. In terms of poverty reduction, every additional kilometer of roads would lift 1.57 poor people out of poverty in irrigated areas, but would lift 3.5 and 9.51 people out of poverty in high and low potential rainfed areas, respectively. In the past the Indian government has biased its investments towards the irrigated and better rainfed areas. Some correction in favor of the poorer would now be win-win for growth and poverty reduction. Agricultural growth reduces poverty more strongly than growth in other sectors (Timmer, 1988).

**FOOD MANAGEMENT**

The main objective of food management is maintenance of food buffers for food security and price stability. Food Security stands as a fundamental need, basic to all human needs and the organization of social. It is the assurance of access to adequate nutrition, either through direct effort or exchange at acceptable prices. Access to necessary nutrients is fundamental not only to life per se, but also to stable and enduring social order. Since the fifteenth century the major responsibility for food security has shifted from households toward national governments. In the twentieth century some responsibility has also shifted to the international level. However, food security, or lack of it is still thought of as essentially a concern of individual, families or localities (Hopkins, 1986).

The stock position of food grains in the central pool as on 1 October, 2010 was 46.2 million tonnes comprising 18.4 million tonnes of rice and 27.8 million tonnes of wheat. This was adequate for meeting the requirements under the TPDS and welfare schemes during that year.

TABLE 1: BUFFER STOCK NORMS AND ACTUAL STOCKS OF INDIA (2011)

As on	Wheat		Rice		Total (Lakh Tonnes)	
	Minimum Buffer Norms	Actual Stock	Minimum Buffer Norms	Actual Stock	Minimum Buffer Norms	Actual Stock
January 2008	82	77.12	118	114.75	200	191.87
April	40	58.03	122	138.35	162	196.38
July*	201	249.12	98	112.49	299	361.61
October	140	220.25	52	78.63	192	298.88
January 2009*	112	182.12	138	175.76	250	357.88
April	70	134.29	142	216.04	212	350.33
July	201	329.22	118	196.16	319	525.38
October	140	284.57	72	153.49	212	438.06
January 2010	112	230.92	138	243.53	250	474.45
April	70	161.25	142	267.13	212	428.38
July	201	335.83	118	242.66	319	578.50
October	140	277.77	72	184.44	212	462.21

Notes: \* Buffer Norms include Food Security Reserve of 30 lakh tones of wheat from 1 July 2008 and 20 lakh tones of Rice from 1 January 2009 onwards.

Source: Planning Commission.

**CONCLUSION**

The problem of food security is clearly not purely a problem of production but one of access/entitlements although in itself, increased food production is still an important element of the food security equation. In absolute numbers, India still has 302.7 million poor persons with a significant percentage of them being substantially or severely poor. India is also facing the adverse impact of global financial crisis since the 3<sup>rd</sup> quarter of 2008. However, the crisis has adverse impact on liquidity situation and the economic growth in India. This in turn can have adverse impact on the poor, food security and can undermine the poverty

alleviation programs of the country. In India, the proportion of people living below the poverty line declines from 2004-05 to 2009-10 and stood at 32 percent, and in contrast, inequality has risen.

There is a north-south divide in the performance of poverty alleviation. The southern states have performed well whereas the performance is poor in central and eastern states. Nevertheless, the different sets of data all point to the same conclusion: that Indian poverty reduction has been relatively slow, and certainly much below what would be expected given the rapidity of income growth in the past fifteen years.

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**A STUDY ON THE PERFORMANCE OF DAIRY CO-OPERATIVES IN TAMIL NADU**

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**ABSTRACT**

*Milk is the prime product of Dairying. India is the largest milk producing country in the World, in which Tamil Nadu is one of the frontline States in milk production and ranks as number one in the country in the coverage of more than 50 per cent of revenue villages under Co-operative ambit. There are 8246 functional primary milk societies with 22.29 lakhs members. To further develop the dairy sector in Tamil Nadu and to improve rural economy, the thrust area covered are animal induction, infrastructure development, implementation of clean milk production, sustainability of cattle population, quality animal health cover and technical manpower. The Dairy Development Department was established in Tamil Nadu during 1958. The milk procurement by the 17 District Unions of the Tamil Nadu Co-operative Milk Producers' Federation is on the increase with the daily procurement touching a record figure of 17.00 lakh litres per day. During 2009-10, 206 societies were newly registered, including 66 milk Co-operative societies exclusively managed by women. Apart from this, 226 dormant societies were also revived. For the benefit of the members, farmer induction programmes are conducted on modern animal husbandry practices for upgrading milch animals and their productivity.*

**KEYWORDS**

Animal Husbandry, Dairy Development, Marketing, Milk Producers' Federation.

**INTRODUCTION**

**M**ilk is the prime product of Dairying. India is the largest milk producing country in the World, in which Tamil Nadu is one of the frontline States in milk production and ranks as number one in the country in the coverage of more than 50 per cent of revenue villages under Co-operative ambit. There are 8246 functional primary milk societies with 22.29 lakhs members. To further develop the dairy sector in Tamil Nadu and to improve rural economy, the thrust area covered are animal induction, infrastructure development, implementation of clean milk production, sustainability of cattle population, quality animal health cover and technical manpower. Dairying is a centuries-old tradition for millions of Indian rural households, domesticated animals have been an integral part of the farming systems from time immemorial. Milk contributes more to the national economy than any other farm commodity. In the context of poverty and malnutrition, milk has a special role to play for its many nutritional advantages as well as providing supplementary income to some 70 million farmers in over 500,000 remote villages. More importantly, the farmers earn an average 27.3 per cent of their income from dairying, with as high as 53 per cent for landless and as low as 19 per cent for the large farmers.

The expansion of the dairy co-operative network in India was by far the most important factor in the remarkable increase in milk production in India. Milk production increased from about 20 million tonnes in 1950s, when India was an importer of milk and milk products to over 74 million tonnes in 1998-99, and became the largest producer of milk in the world then after. About nine million milk producers in India were affiliated to milk co-operatives and supplied milk through 70,000 village co-operatives. It is noteworthy that about 6000 village dairy co-operatives are co-operative societies in which only women are members. Over 300,000 women has been organised through these co-operatives. The dairy co-operative movement in India started in Gujarat it began with a modest attempt to organise twenty villages in Kheda district to produce and supply milk to the city of Bombay. It is also noteworthy that within the organised sector, the co-operatives has a dominant market share in urban milk supply in India, and has maintained it even in the face of competition from the private sector. The Dairy Development Department was established in Tamil Nadu during 1958. The milk procurement by the 17 District Unions of the Tamil Nadu Co-operative Milk Producers' Federation is on the increase with the daily procurement touching a record figure of 17.00 lakh litres per day. In this connection there are seven headings in introduction, review of literature, scope of study, objectives, methodology and analysis conclusion.

**REVIEW OF LITERATURE**

Shiyani (1993), carried studies in Saurashtra region of Gujarat on economics of dairy enterprise by different categories of farmers and compared result between members and non-members of co-operative. His result show that dairying was profitable for all classes of farmers and with cows as well as buffaloes and it provided substantial income to family labour. However the income was more from buffaloes compared to cows and land less and small holder farmers earned higher profit than medium and large farmers.

Kumar (1997), carry out an economic analysis of dairy production from different dairy animals in some district of Tamil Nadu. The result of the study are very different. The report states marginal profit INR 697 / year from local cow and high profit from cross breeds. Kumaravel (1998) in his study "Dairy Production from Different Dairy Animals" reported highest profit from buffaloes of crossbreeds and negative contribution from local market prices of milk and yield are the main factors for this variation.

Sikka et al., (2007) in there article "Rural Woman and Buffalo Rearing" analysed the active participation of buffalo farming community through technical interactions through local functionaries and is expected to provide a medium through which transfer of the technology efforts can be canalized. The primary goals for such offers would be to project buffalo keeper women from these units as leaders in adoption of improved technological practices and to influence the mindset of the popular at large, woman farmers as the technology carries would empower the transfer of technology process and can amply emphasize the necessities towards more profitable and desired gains.

Rangasamy and Dhaka (2007), in their article "Milk Procurement Cost for Co-operative and Private Dairy Plants in Tamil Nadu" in the analysis the per litre procurement cost of milk was higher in co-operative dairy plant than the private dairy plant and the same increased between fresh, transitory and lean seasons. It could be attributed to increase in the reception cost of milk and marginal increase in Transportation cost milk in the co-operative dairy plant.

**SCOPE OF THE STUDY**

The role of dairy farming in the livelihoods of the small and medium farmers in important in their production systems. The marketing of the dairy product is done through the co-operative societies in the rural areas. Therefore studies like this would throw light on the functioning of the societies and its problems and the problems faced by the dairy farmers while marketing their product. Which would be useful for the decision making authorities and the farmers.

**OBJECTIVE**

- To examine the dairy co-operatives in Tamilnadu.

**METHODOLOGY**

The secondary data have been collected from annual reports of other required the journals, unpublished dissertations and other publication from various institutions. Data from different websites have also been collected.

**TABLE 1: PERFORMANCE OF CO-OPERATIVE SOCIETIES IN TAMIL NADU DURING 2010**

S.NO.	ITEMS	ACHIEVEMENT 2009-10
1	Total number of functional Milk Producers' Co-operative Societies	8246
2	New Milk Producers' Co-operative Societies registered during 2009-10	206
3	Total number of Members in Milk Producers' Co-operative Societies (in lakhs )	22.29
4	Total No. of pouring members(in lakhs )	4.15
5	Milk Production by societies	26.34
6	No. of District Unions	17
7	State Level Federation	1
8	No. of Registered private dairies in the State	32
9	Milk Procurement by Unions	22.37
10	Milk Marketing in Chennai City	10.32
11	Milk Marketing in District Unions	9.83
12	Number of Union Dairies	15
13	No. of Federation Dairies	4
14	Handling Capacity of Union Dairies	19.42
15	Handling Capacity of Federation Dairies	10.00
16	Handling capacity of Registered Private dairies	47.64
17	Number of Chilling Centres	36
18	Handling Capacity of Chilling Centres	13.55
19	No. of Bulk Milk Cooler units	166
20	Handling capacity of Bulk Milk Cooler units	6.56
21	No. of rural milk collection routes	528
22	No. of milk distribution routes at District level	230
23	No. of milk distribution routes in Chennai Metro	107
24	No. of Powder Plants	4
25	Capacity of powder plants for drying milk	70 MT / day
26	No. of operational Automatic Vending Machine Units in Chennai metro	157

Source: www.tn.gov.in

Dairying, by playing a significant role in strengthening rural economy, has brought about socio-economic transformation in Tamil Nadu. Small farmers, marginal farmers and downtrodden constitute majority of milk producers. Dairying has vast potential to generate employment and has helped in poverty alleviation in the rural belt. Dairying provides definite and regular income and employment to millions of rural families throughout the year, especially to women thereby improving the quality of their life. The milk producers in the State in the Co-operative sector on an average get daily income of 396.20 lakhs for the milk they pour to the dairy societies which indicate the importance of this sector in the rural economy.

The advisory committee on Animal Husbandry and Dairying constituted by Union Planning Commission in its final reports submitted in January 2010 mentions "The potential for the growth of Animal Husbandry and Dairy Sector in Tamil Nadu is quite impressive, i.e. the dairy sector grew from 2.87 per cent of annual compounded growth to 5 to 6 per cent"

**PRIMARY MILK CO-OPERATIVE SOCIETIES**

In Tamilnadu they are 8246 Milk Producers' Societies including 1474 Milk Producers' Co-operatives exclusively for women and 62 Primary Milk Consumer Co-operative societies are functioning. During 2009-10, 206 societies were newly registered, including 66 milk Co-operative societies exclusively managed by women. Apart from this, 226 dormant societies were also revived.

For the benefit of the members, farmer induction programmes are conducted on modern animal husbandry practices for upgrading milch animals and their productivity. Since members of the milk producers' Co-operative societies are stakeholders, when the society earns profit, the member producers are paid dividend on share capital, patronage rebate and bonus for the services rendered by them to the society. This ploughing back of profit for the benefit of producers is unique in the dairy co-operative sector and this has created a close bond between the producers and the co-operative societies.

**DISTRICT CO-OPERATIVE MILK PRODUCERS UNION LIMITED**

17 District Co-operative Milk Producers' Unions are functioning covering all the districts of Tamil Nadu with primary milk co-operatives as affiliated members to the District Unions. The District Collectors are the Special Officers of the Unions.

TABLE 2: MILK PROCUREMENT BY DISTRICT CO-OPERATIVE MILK PRODUCERS' UNIONS DURING 2010

Sl. No.	Name of the Union	2009-10 (In thousand litres per day)
1.	Kancheepuram-Tiruvallur	48
2.	Villupuram	158
3.	Vellore	280
4.	Dharmapuri	149
5.	Salem	437
6.	Erode	228
7.	Coimbatore	227
8.	The Nilgiris	21
9.	Madurai	208
10.	Dindigul	45
11.	Tiruchirapalli	282
12.	Thanjavur	30
13.	Pudukottai	13
14.	Sivagangai	30
15.	Virudhunagar	11
16.	Tirunelveli	64
17.	Kanyakumari	6
	<b>Total</b>	<b>2237</b>

Source: www.tn.gov.in

The main functions of these Unions are procurement of milk from primary societies by ensuring clean milk production, quality based milk cost payment, supply of input services, animal health coverage, development and supply of feed and fodder, implementation of State and Central Government schemes at District level, marketing of liquid milk locally and through metro dairies and conversion of surplus milk into traditional and value added products.

### TAMIL NADU CO-OPERATIVE MILK PRODUCERS' FEDERATION

The Tamil Nadu Co-operative Milk Producers' Federation Limited, the Apex body of 17 District Co-operative Milk Producers' Unions, was established on 1<sup>st</sup> February of 1981. The Federation has 3 dairy plants in Chennai which collect milk from District Unions, process and pack in sachets and send for sale to consumers in and around Chennai City. The market shares of Dairy Co-operatives have increased considerably and aavin brand holds the major market share in Tamil Nadu. Ambathur product dairy is engaged in manufacturing of milk products.

TABLE 3: MILK SALES IN DISTRICT CO-OPERATIVE MILK PRODUCERS' UNIONS AND CHENNAI METRO DURING 2010

Sl. No.	Name of the Union	2009-10 (In Thousand litres per day)
1.	Kancheepuram-Tiruvallur	1
2.	Villupuram	33
3.	Vellore	74
4.	Dharmapuri	17
5.	Salem	153
6.	Erode	70
7.	Coimbatore	168
8.	The Nilgiris	18
9.	Madurai	193
10.	Dindigul	13
11.	Tiruchirapalli	108
12.	Thanjavur	15
13.	Pudukottai	7
14.	Sivagangai	33
15.	Virudhunagar	5
16.	Tirunelveli	57
17.	Kanyakumari	18
	<b>Total</b>	<b>983</b>
18.	Chennai Metro Sales	1032
	<b>Grand Total</b>	<b>2015</b>

Source: www.tn.gov.in

### CONCLUSION

The Milk Producers' Co-operative Societies are formed and functioning at village level. In these societies only the milk producers are enrolled as members. The animals owned by producer members are provided with animal health cover at the doorsteps of the members by the Veterinary Assistant Surgeons of the Veterinary Units, procurement teams and input wings. Breed improvement through artificial insemination is also carried out at a nominal rate. The milk procurement by the 17 District Unions of the Tamil Nadu Co-operative Milk Producers' Federation is on the increase with the daily procurement touching a record figure of 17.00 lakh litres per day.

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**AN ECONOMIC STUDY ON THE PERFORMANCE OF PRIMARY AGRICULTURAL CO-OPERATIVE BANK**

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**ABSTRACT**

*In a country like India, agricultural sector must be given special attention for achieving rapid economic development. Availability of finance is the most requisite factor for the development of any sector. In the field of agriculture, intensive cultivation, proper irrigation, improved techniques and the adoption of new agricultural strategy require credit. Co-operative credit structure helps to meet the credit requirement of the cultivator and to save him from the clutches of the moneylenders. The RBI (Reserve Bank of India) plays its role in providing rural credit through state co-operative banks and district control co-operative banks via primary co-operative societies or banks. The short-term credit for inputs such as seeds, manures, fertilizers etc, is provided by the DCCB (District central Co-Operative Bank) and the state co-operative banks through PACB (Primary Agriculture Co-Operative Bank).*

**KEYWORDS**

Co-Operative, Credit, Loan, Payments, PACB.

**INTRODUCTION**

**F**inance is the basic requirement to meet the socio-economic needs of the people of a nation. India is an agricultural country and the economy is mainly based on agriculture. Here agriculture contributes nearly half of the gross national product and provides employment nearly 58% of the total population, and nearly 12% of our foreign exchange is derived through agricultural product. All the agriculturists do not have required finance for purchasing the necessary feeds, fertilizers, pesticides etc., and meeting the cultivation expenses through institutional credit. So the farmers were forced to borrow from the rural moneylenders paying exorbitant rate of interest. As a result the farmers have never been able to repay the debts.

However the growth of this sector is not up to the expectation even after more than five decades of independence due to acute poverty and traditional bound attitude like illiteracy and ignorance and the consequent inaccessibility towards the adoption of modern methods of agricultural operation. Finance is a very important input for agricultural operations as it is for any economic activity. This is a major problem for the majority of the Indian farmers too. To overcome this problem only solution is to provide the necessary credit to the farmers through organized institutions in which co-operative institutions should have a dominant share. Realizing this Government of India had helped the Indian farmers through passing the Co-operative Societies Act in 1904 and the Co-operative Societies Amendment Act in 1912.

**STATEMENT OF THE PROBLEM**

It is a well known fact that as a result of mass poverty that prevailed among the rural masses in India, the pace of Indian agricultural development has been very insignificant. In order to boost up the development in this field, the Government at the central as well as at the State levels has introduced various institutional, models and strategies via economic planning. As a result, co-operation assumed greater relevance and importance to the agricultural sector. Moreover, this medium is the best suited remedy for a successful achievement of the targets especially for a developing country like India where the people are very poor and their credit needs are more.

**OBJECTIVES**

To assess the performance of the Primary Agriculture Co-Operative Bank (PACB).

**ORIGIN AND OPERATION**

The M. Kallipatti Primary Agricultural Co-operative Bank as registered 10-03-1924 and began function on 14-03-1924. The opening name of M. Kallipatti PACB was "M.Kallipatti Multipurpose Co-operative Society", then "Agricultural Sava Sangam", now it is called as "Primary Agricultural Co-operative Bank".

**PERIOD OF STUDY**

The study was undertaken for a period of 5 years from 2007 to 2011 with respect to the different types of loans and also the recovery of these loans of the mecheri PACB in Salem district.

**SOURCES OF DATA COLLECTED**

The study is based upon the in-depth interview programme undertaken by the researcher. Regarding the employment of funds the particulars furnished in the Annual Audited Report are utilized in the present study. The data gathered from primary and secondary sources are organized and analyzed.

**METHODOLOGY**

The study area is purposely chosen due to its model performance and proper response confined on us in providing needed data on its performance. In order to analyze the data, statistical and mathematical devices were applied – to fulfill the objectives.

**REVIEW OF LITERATURE**

B.B.Barik assessed "co-operatives are of the instruments for decentralization of economics power and through it the social and economic objectives of human being can be achieved".

V.L.Mehta, "service is the guiding principle, the association is not exploitative and intention is to promote social objectives".

R.D. Bedi observed, "Co-operation combined the good points of capitalistic as well as socialistic forms of organization. A co-operative society enables the members to put in their best to achieve a higher standard of living for themselves, without in any way; exploiting others. It honors human values and provides incentives".

Calvert as "a form of organization in which persons voluntarily associate together as human beings. On the basis of equality for the promotion of the economic interest of themselves".

Koenraad Verhagen defined it as "an association of persons (or households) usually of limited means, who have agreed to work together on a continuing basis to pursue one or more common interests and who for that purpose have formed an economic organization which is jointly controlled shared among the members".

C.R. Fay stressed, "it is the amount of capital budgeting but the extent of loyalty to the society which determined the success of the co-operative society".

**ANALYSIS AND RESULTS**

**SOURCE OF CREDIT**

SOURCES OF CREDIT	NUMBER OF SAMPLES	PERCENTAGE
Money lender	20	20
Private banks	12	12
Co-operative bank	60	60
Nationalized bank	8	8
<b>Total</b>	<b>100</b>	<b>100</b>

Source: Primary Data

Among the various sources of credit available 60% of the people approach M. Kalpathy PACB limited forgetting finance. The impact of money lenders this regard 10% out of 100 samples 12% of the samples setting finance in private banks. The nationalized banks namely SBI (State Bank of India), Indian banks, provides credit to only 8%.

**PROBLEMS OF REPAYMENT**

REASONS	NUMBER OF SAMPLES	PERCENTAGE
Poor Income	5	5
Increasing Cost Of Production	15	15
Enhancing Family Expenditure	20	20
Lack Of Rain Fall	35	35
Low Price Of Agricultural Products	25	25
<b>Total</b>	<b>100</b>	<b>100</b>

Source: Primary Data

The frequent fluctuation in prices of agriculture commodities, yield program caused by the unfavorable monsoon , the frequent practices of the middleman reasons pointed out by the samples of the study region.

**LEVEL OF DEPOSITS OF THE M.KALLIPATTY PACB (Rs. Lakhs)**

YEAR	DEPOSIT AMUNT	TOTAL PERCENTAGE	GROWTH RATE
2006-2007	191.37	20.01	-
2007-2008	210.53	22.01	10.01
2008-2009	220.23	23.02	4.61
2009-2010	140.24	14.66	-36.32
2010-2011	194.15	20.30	38.44
<b>Total</b>	<b>956.52</b>		

Source: Data collected and compiled from the Audit Report of M.Kalipatty PACB

Among the different years, the deposit was increased at the highest level (220.23 rupees lakhs) during 2001-2002 over its previous year. But in the next year, its increase was negative. However, there was no uniform increase in the deposits rate, but with many ups and downs.

**CO-EFFICIENT VARIATION BETWEEN LOAN ISSUED AND COLLECTED BY THE M.KALLIPATTY PACB (Rs. Lakhs)**

YEAR	LOAN ISSUED	COLLECTED	(X-X) <sup>2</sup>	(Y-Y) <sup>2</sup>
2006-2007	260.19	233.51	3906.75	3010.72
2007-2008	284.71	247.81	1442.78	1645.93
2008-2009	322.79	281.43	0.01	48.30
2009-2010	386.50	330.62	4071.21	1784.22
2010-2011	359.28	348.53	1338.54	3618.02
<b>Total</b>	<b>1613.47</b>	<b>1441.90</b>	<b>10759.29</b>	<b>10107.29</b>

$$C.V_x = \frac{46.39}{322.694} \times 100 = 14.38\%$$

$$C.V_y = \frac{44.96}{288.38} \times 100 = 15.59\%$$

Since the c.v<sub>y</sub> for loan collected is more than c.v<sub>x</sub> for loan issued, there is much variation in the loan recovery than that in the loan issue in different years under study. This means that this PACB was not so consistent in the recovery of loan issued comparing with the issue of loan.

**SUGGESTIONS**

Necessary steps are to be taken in order to keep the increasing trend of the share capital uniformly keeping in mind the present functioning of the PACB. The existing trend in the matters of agricultural and non-agricultural loans issued is to be further improved but reverse steps are stressed against the present trend in the collection matters of there loans. The short-term loan policy of the M. Kallipatty PACB should be modified in order to strengthen the functioning of it further in the future. The margin for the loans obtained from NABARD (National Bank for Agriculture and Rural Development), TNCB (Tamilnadu Co-Operative Bank) and SCCB (State Central Co-Operative Bank) can be increased.

Many people do not repay the loan; they believed when the government was changed automatically the loan amount was discounted. So the People step forward to pay debts. One of the most important and necessary for the management as well as people side to avoid corruption.

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